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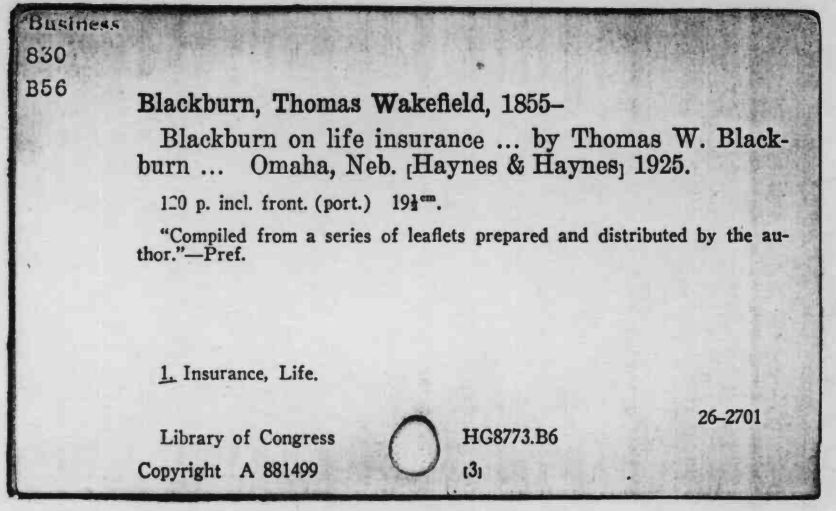

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# Blackburn on Life Insurance

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*DEDICATION*

*To the Legal Reserve Life Insurance Companies of America, barring none;*

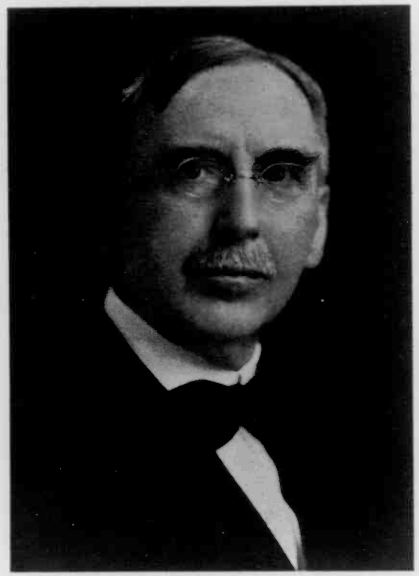
*To the Splendid Men Who Manage these great institutions, every one;*

*To the Marching, Conquering Army of Life Insurance Salesmen, for what they have done;*

*To the Policyholders, who are partners, paymasters, and patrolmen who helped in the achievements so far won;*

*To the Beneficiaries for whom Legal Reserve Life Insurance and all its streams of usefulness as to an ocean run;*

*This Book is affectionately dedicated.*



T. W. Blackburn

# BLACKBURN

*ON*

# LIFE INSURANCE

*1925*

*By*
THOMAS W. BLACKBURN
*Secretary and Counsel American Life Convention*
OMAHA, NEBRASKA

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## *PUBLISHERS' PREFACE.*

This volume is compiled from a series of leaflets prepared and distributed by the author, Mr. Thomas W. Blackburn, the well known secretary and counsel of the American Life Convention.

For more than twenty-five years Mr. Blackburn has been intimately a part of the growth and development of life insurance in the United States.

Mr. Blackburn has studied the principles and practices of the institution of life insurance from the standpoint of the lawyer, the executive and the policyholder. Having a rare facility of concise, clear expression, his treatises are classics.

The chapters in this book are accurate statements of established principles which have made life insurance so important in the social economy of our nation. In simple language both pleasing and instructive, he has made the system and the practice of life insurance clear to the average reader.

The publishers have persuaded him to permit them to assemble the contents of these leaflets in book form and he has authorized us to present them to policyholders seeking to know more about their own life insurance policies, to life insurance agents anxious to acquaint themselves with the principles of their business, to executives who have frequent occasion to address the public on this great co-operative system of protection for dependents, to business men who may be seeking light upon methods of avoiding the catastrophe of death in their commercial undertakings, and to the life insurance companies who are deeply interested in disseminating correct information about the great institution.

The book commends itself. It is readable, original in style, convincing without being didactic or argumentative, and it will be found interesting enough to be read either in entirety or by chapter selected at random.

It deserves a place in every home library, in every salesman's kit, in every home office, in the traveling bag of every traveler and in the schools and public libraries.

THE PUBLISHERS.

CHAPTER I.

# INTRODUCTORY

## The Institution of Life Insurance

A FIDUCIARY financial institution, which, for three quarters of a century in America, has withstood every assault, weathered every panic, outlived every epidemic and survived wars, experiments, pestilence, litigation and legislation, has earned, deserves and should enjoy and maintain the respect and confidence of every right thinking American.

There are individual banks, firms and families whose record is phenomenal in length of service given the people of America, but there are no commercial undertakings in this young land which can parallel the marvelous record of Legal Reserve Life Insurance.

### *ON A FIRM FOUNDATION*

It is the one co-operative corporate entity, which stands upon so firm a foundation that it could, and did, face every form of disaster without impairment, reorganization or revolution. No other form of commercial endeavor has so entrenched itself in principle, practice and ac-

complishment. There have been a very few mismanaged and unsuccessful life insurance companies. There will be others. But the only possible excuse for failure, whether large or small, is weakness of management, or corrupt manipulation. The probability of both is reduced to the minimum by supervision and publicity.

Based upon an immutable law of life, as it has been mathematically determined, Life Insurance on the legal reserve plan is as safe as an established government. From the serene height of a monument, builded upon faithful application of the principles of average and cooperation, Legal Reserve Life Insurance shines forth in all its beauty of beneficence.

### *A UNIVERSAL SERVICE*

Widows and orphans praise it. Capital and Labor alike, are its beneficiaries. Embarrassed business men and hard pressed debtors, find it a friend indeed in the time of need. Estates builded and conserved, proclaim its value. Children educated and youths started in profession or business, mark its onward course. Wherever it is called upon for service, whether in financing the farmer, building and acquiring the home, protecting a business, tiding over a debtor or saving an estate from the sheriff, providing for old age or covering loss of employment, without discount, debate or delay, life insurance performs its great duties.



The life insurance contract is the highest form of agreement thus far devised by man. It is the only gainful undertaking which is not based upon the relation of gain and loss. Every other character of commercial advantage contemplates loss on one side, if there be gain on the other, in every step of every transaction. Legal Reserve Life Insurance is a recurring succession of gains.

### *A SYSTEM OF EQUATIONS*

Actuarily, Legal Reserve Life Insurance is a system of equations. Theoretically, every persistent policy holder in a Legal Reserve Life Insurance Company lives out his expectancy. The premiums he pays on his policy, increased by compound interest, are the mathematical equivalent of the sum payable at the maturity of the contract plus expenses and, in case of mutual companies, the refunds, misnamed dividends or dividend additions.

### *NO LOSS ANYWHERE*

When a policy matures by its terms the premium payments and accretions, less expenses, are returned to the contributing policyholder or his beneficiary. Mathematically considered, the company is out no money, the policyholder has had the protection throughout the term of the contract equivalent in money to his payments year by year, and the beneficiary is enriched by the amount paid by the company in

settlement of the policy obligation. The community where the beneficiary resides has the amount received by the beneficiary added to its aggregate wealth. There is no loss anywhere along the line, for each party to the contract from the agent who solicits, and the medical examiner who examines, to the community of which the beneficiary is a part has been compensated.

It will be urged by actuaries that there is a loss of the producing power of a life, where the policy matures by death, but this is an inaccuracy. When a man dies another takes his place. In the economy of human life, death is merely the fruition of life. Death is not property loss in the sense that a disabling accident or a destroyed building is a property loss. In both these instances, there is only a partial or complete recoupment by insurance to the individual policy holder. The loss of time and the destruction of physical property are losses to the community which cannot be restored and for which compensation to such community is impossible.

## *THE DISTINCTIVE FEATURE*

The distinctive characteristic of the life insurance contract is its power to extend his estate beyond the life of the policy holder, and maintain its integrity, in spite of the certainty of death. It differs from every other form of indemnity, because it is assurance against the



happening of a contingency certain to occur. A fire or accident policy may mature as a claim or may not. These forms of indemnity are based upon the probabilities of accidents and the premiums are calculated from the averages of experience. The life contract is a continuing assurance of indemnity against an event certain, and under the law of averages, inevitable, at a fixed date, though not determinable in advance as to the individual maturity.

## *TRIED AND FOUND INVINCIBLE*

In 1905, during the New York investigations, and for several years following, the citadel of Life Insurance, then represented by the largest aggregate of fiduciary capital which enterprise and genius had ever accumulated in a single line of undertaking, was attacked by legislation, by demagogues, by self-seeking and self-serving interests of great wealth and by singular and ingenious malevolence. The newspapers of this great country, the muckrakers in nearly all the magazines, the statesmen, big and little, in states and nation, and the President of the United States, united in a sentiment of antagonism. Many persons were frightened away from the beneficent and misused institution. Attempts were made in courts, in legislatures, in Congress, in combinations of wealth, and by the most mendacious propaganda, to undermine and overthrow this tremendous fortress of protection.

It survived and stood after a ten year war of utmost violence, unsullied and supremely solvent. No Bank of England, or Federal Reserve System, would have maintained its financial integrity against the attacks made upon the institution of Life Insurance. Not one policy contract was repudiated, scaled or postponed by reason of this unparalleled situation.

## *A PHENOMENAL HISTORY*

This magnificent demonstration of the soundness of the principles, the safety of the trust funds, the perpetuity of the organized beneficence which American genius and human prescience devised and constructed, is the most phenomenal commercial fact in all history.

When the United States became involved in the World War, the integrity of the life insurance contract was again assailed. Contracts based upon peace conditions without anticipation of war losses, were confronted with dire possibilities. Before the Armistice brought about a cessation of the slaughter of policy-holders, a world-wide epidemic was experienced and the normal mortality of the companies was doubled and in many instances redoubled. Again the institution demonstrated its marvelous perfection as a business enterprise and not a single contract was repudiated or a loss scaled.



## *THE WAR RISK INSURANCE*

The United States assumed an ultimate possible liability of more than $40,000,000,000 upon the lives of its soldiers and sailors, charging the legal reserve net premium, only, for its proposed indemnity. The greatest and richest government of the world stood back of its contracts and based its ability to meet unheard of possible losses upon legal reserve life insurance principles and the American mortality tables with 3½ per cent interest. Again the foundation of the most wonderful business in the world was shown to be sound. The government has carried its tremendous risk without adding a dollar to the net premium rates fixed by the experience of the companies, assuming voluntarily the expense element, but standing safely upon the mortality tables and the reserves which life insurance has made the groundwork of its great growth and its history of beneficence.

## *LIFE INSURANCE SOLD; NOT BOUGHT*

In passing, it may be further remarked, that the government has demonstrated anew a fact long known to the life insurance companies: the fact that life insurance is not bought, but must be sold. The $40,000,000,000, written under the pressure of war opportunities and conditions, has lapsed to much less than one billion dollars in volume of converted permanent

policies, because in the parlance of the business, the policies of life insurance taken by soldiers and sailors were not sold. The personal appeal saves the policy and protects the beneficiary. Advertising, oratory and statistics are ineffective unless they are followed up by the solicitation of the life insurance salesman.

### *WITHSTOOD DEFLATION*

The period from October 1, 1920, until December 31, 1921, will never be forgotten in the financial history of America. It was a time of deflation and business men, from farmer to great financier, pocketed untold losses. Again the fundamental stability of this great institution withstood the test. No Life Insurance Company in America appealed to the Government, the Federal Reserve, or any bank for help. On the contrary, the loans made by Life Insurance Companies to their policyholders helped hundreds of thousands of men in all walks of life to maintain their credit or meet their personal obligations. It is no exaggeration to say that Legal Reserve Life Insurance, during this distressful period, saved more business men from bankruptcy than any statistician will ever know.

### *THE EXECUTIVES*

The Executive Officers of the American Companies appreciate the high trusteeship



which controls the billions of American savings, for the protection of beneficiaries. They realize and they live up to this tremendous responsibility. More than half a century of American Life Insurance with all the benefits America has enjoyed from this great institution testify to their fidelity. The fact that no life insurance company which continually conducted its business on the legal reserve basis has failed with losses to policyholders within forty years, is proof of their business capacity.

### *THE BENEFICIAL LAWS*

The legislation of recent years for the betterment of the business is due to the initiation of the companies themselves. They have written the protective laws which have improved supervision, liberalized the contracts and made certain their fulfilment. Policyholders first, is the primal principle of Legal Reserve Life Insurance and no code of laws can be approved in home offices which in any wise impairs the rights, benefits and privileges of the policyholders. This is true in stock companies and mutual companies alike, because both kinds of this great business are fundamentally the same and each succeeds only in proportion to the service it renders to its co-operating members — the policyholders.

### *LIFE INSURANCE SALESMANSHIP*

The noble profession of life insurance salesmanship has produced in large part the tangi-

ble results told in millions and billions by the accountants of Life Insurance. Contemptuously mistreated at times and constant victims of humorous paragraphs, they are an army of most helpful public servants. They are the grand army of the republic in recruiting American policyholders, the courteous lieutenants and efficient soldiery of American altruism, the banner-bearers of prosperity for American homes and the protective militia of American commerce.

### *THE FIELD STILL OPEN*

The Life Insurance Companies of America with all their aggressiveness have succeeded in writing only about $70,000,000,000 of ordinary legal reserve life insurance, which means about 35,000,000 policy holders. These figures do not include some $11,000,000,000 of industrial life insurance on perhaps 14,000,000 policyholders. There are not less than 70,000,000 of insurable people in the United States and every day a new host reaches the insurable age. "The field is white unto the harvest but the laborers are few," compared to the opportunities for successful soliciting.

### *AN ACCEPTED FACT*

The importance, yea, the necessity, of Legal Reserve Life Insurance, is now an accepted fact. The unhappy experience of fraternal societies and assessment associations, has



brought home to insurers everywhere, the value of the legal reserve system. All temporary makeshifts have gone, or will go later, into the discard, and Life Insurance as exemplified by the old line legal reserve companies, is recognized as the safe, scientific and supremely satisfactory plan of protection and indemnity for men, women, children, partnerships and corporations.

---

## The Shell-Shock Pathologist

Life insurance is seldom solicited by the prospective policyholder. In other words it is seldom bought but must be sold. Hence the agent or solicitor must find the prospect and sell the policy. Without the agent thousands of widows and orphans would be left to shift for themselves when death strikes a loving father. The agent personally represents the precepts of protection and preaches the preservation of America's greatest asset—the Home. The agent is the great shell shock pathologist and he makes the highway of life smoother and easier for the sorrowing dependents of deceased breadwinners. His is a noble calling.

## CHAPTER II.

# The Contents of a Non-Participating Life Policy

CHIEF Justice Taft stated before a gathering of life insurance agents that he had a number of policies but had never read one of them. Probably three-fourths of the policyholders of life insurance companies have not read their policies.

Yet there is nothing hidden or disguised in a modern life insurance policy and the restrictions contained are generally those which the laws require.

The policy is without restrictions as to occupation, travel or residence and becomes incontestable after one or two years.

In some policies there are provisions limiting the company's liability when a policyholder enters military or naval service in time of war.

It may be interesting to policyholders and prospective policyholders to have before them a brief resume of what the ordinary non-participating life insurance policy contains.

The ordinary life or whole life policy is the Keystone policy of life insurance. The higher premium forms are modifications of the whole life form. As life insurance is a system of



equations, it may be said that there is no difference in principle and no material difference in the final result.

### *THE FACE OF THE POLICY*

On the face of the policy in the simplest and most direct terms appear the conditions of the policy contract. This portion contains a promise to pay at death a sum certain to a named beneficiary in consideration of the application and the payment of a definite annual premium. The policy is signed only by the company and binds the company absolutely to its terms without reserving any right at any time to cancel or declare it forfeited so long as premium payments are paid promptly.

### *PRIVILEGES AND CONDITIONS*

By reason of certain laws enacted by legislatures or fixed by court decisions it is necessary to set forth certain provisions in detail.

The application being the basis of the contract, it follows that the answers to questions must be true, full and candid.

Assuming that the applicant for the policy has made truthful answers to the questions propounded, his application has been approved and the policy issued, the first clause following the title should be and is the

*Incontestable Clause*

This clause declares the policy incontestable after one (sometimes two) years from date ex-

cepting for nonpayment of premiums (and violations as to military and naval service in some cases).

*Grace*

This clause grants a grace of one month for payment of premiums after the first.

*Non-Forfeiture*

Sometimes included under "Options on Surrender or Lapse". After the policy has been in force three full years and within three months of default in payment of a premium, the policyholder may withdraw the cash surrender, or he may take paid up or extended insurance, all as plainly appears in a table in the policy. Many companies make one or other of these options automatic, if no selection of an option is made by the policyholder.

*Lapses*

A policy lapses when a premium is not paid within the days of grace. If this occurs before the date when the non-forfeiture options are available, the policy then becomes null and void.

*Surrender*

A policy may be surrendered at any time, but after three premiums are paid, it may be surrendered for cash, the cash being the amount named for the year of surrender shown in the table, less indebtedness.



*Paid-Up*

A policy is paid up when the premium paying term is ended, or when it lapses for nonpayment and the policyholder elects to take the paid up value in lieu of cash or extended insurance. The paid up value is shown in the table.

*Extended Insurance*

When three or more premiums have been paid the policy may, at the election of the policyholder or automatically in many cases, be carried for its face for a period of days, months or years without further payment of premiums, as is shown in the table. This is extended insurance.

*Loans*

After three years the policyholder may borrow from the company upon the policy as collateral, a sum not exceeding that set forth in the table. This is called a policy loan and the policy continues in force for its face less the indebtedness, provided the subsequent premiums and interest in advance are paid as they become due. The policy is nonforfeitable so long as there remains any reserve to carry it and usually cannot be forfeited by the company when the reserve is exhausted without notice to the policyholder.

*Assignment*

A policy may be assigned at any time upon a proper request of the policyholder in writing filed with the company.

*Change of Beneficiary*

If the policy contains a provision to that effect, or the laws of the state so provide, the policyholder may, on written request, change the beneficiary at any time if he has not assigned it or placed it where he cannot send it to the company to have the change proposed endorsed upon the policy. The policyholder may, however, make the designation of the beneficiary irrevocable if he so desires.

*Reinstatement*

A policy may be reinstated after a lapse upon compliance with the rules of the company. These require a certificate of health or a reexamination and the payment of delinquent premiums with interest.

*Suicide*

Suicide, sane or insane, within the period of contestability, is a risk not assumed by the company, but usually the company will return premiums in suicide cases.

*Military and Naval Service*

Some companies exempt themselves from liability for death of insured while in military or naval service in time of war.

*Risks Not Assumed*

Most companies decline policies on aeronauts, aviators and submarine operators, and assume no risk in such cases during the contestable period.



*The General Provisions*

Prohibit modifications of policies by agents and authorize only general officers to make changes and then only in writing.

Provide that indebtedness to the company may be deducted from proceeds.

Provide for furnishing proof of death.

Provide for definite dates when premiums must be paid.

And specify the method of computing reserves.

*Table of Values*

The table of values sets out the amounts available at the end of each policy year beginning with the third, for cash, loan, paid up and extended insurance, usually for the term of the policy up to the 20th year and will compute the values for any subsequent year on request of the policyholder.

*Copy of Application*

The policy and the application constitute the contract and usually a copy of the application is attached to or a part of the instrument.

## *THE POLICY IS EASILY UNDERSTOOD*

The companies strive faithfully to set forth their obligations and that of the policyholder in plain language which cannot be misunderstood.

### *THE CONTRACT IS UNILATERAL*

This means that the life insurance company is bound irrevocably by its terms after one or two years as will appear in the Incontestable Clause. Within that period, it may question its liability upon the ground of fraud, misstatement or misrepresentation. After that period it is barred by its terms from setting up any defense whatsoever excepting nonpayment of premium. The policyholder, however, is not bound to the company by any enforcible agreement. He may abandon, cancel or lapse at will.

### *A UNIQUE UNDERSTANDING*

The company offers for a definite premium to answer to the policyholder and his beneficiary in unmistakable terms, without reserving to itself any privilege of release, rescission or cancellation so long as premiums are paid within the grace period, and without any reserved right to compel performance by the other contracting party. The beneficiary, the third party to the contract, is required only to submit due proof of the death and upon receipt of such proof the company pays the claim in full, less indebtedness of the policyholder on the policy for a loan or premiums. If the policy has been assigned it is adjusted with the assignee.

### *OTHER FORMS OF POLICIES*

Participating policies contain provisions for refunds or dividends. Limited payment policies specify the periods during which premiums



must be paid and set out the privileges and proceeds when the policies mature. However, these are derived from the ordinary life form and differ only in special particulars plainly set forth.

---

## I. W. W. W.

The soliciting agent is the genuine I.W.W.W. —Insistent Welfare Worker of the World— who is derided by the procrastinating husband and father, but welcomed by the bereaved widow and orphan. He is the most helpful colporteur of co-operation, and to him and his kind, America is indebted for the greatest thing in this world of struggle and selfish strife—the Institution called Legal Reserve Life Insurance.

## CHAPTER III.

# Policy Liabilities Are Promptly Paid

THE Legal Reserve Life Insurance contracts of today are models of clarity of statement. Any person of ordinary intelligence who can read the English language knows exactly what rights, privileges and conditions they contain. They are without ambiguity or necessity for technical interpretation.

Consequently when the insured has performed his part of the contract, there is no confusion or misapprehension possible at maturity.

No lawyer or counsellor is required in making up proofs and no toll is exacted for performance of the company's obligations.

### *PROMPT PAYMENTS*

The beneficiary is generally the widow or the orphans of the deceased. The company pays in full upon receipt of notice of death of a policyholder and proper proofs of the fact.

Except when the named beneficiary is an infant, an incompetent or the policy is payable to the estate of the deceased, no preliminary proceedings in court are required.

Companies pay within twenty-four hours after receipt of due proof of death, to the beneficiary direct, or the administrator or guardian.



Where controversies arise between persons claiming the benefit of a matured policy, the company pays the money into court as promptly as court procedure will permit.

### *NO DISCOUNT, DEBATE OR DELAY*

In consequence of the foregoing facts comparatively little litigation arises between policyholders or beneficiaries and the companies. Policies are generally incontestable by their terms after one or two years. Hence in more than ninety-nine per cent of the claims arising against legal reserve life insurance companies, the claims are paid without discount, debate or delay.

An impression seems to prevail among the uninformed that life insurance companies resort to technical defenses to avoid payments upon their policies. This is grossly untrue and unfair. No legal reserve life insurance company in America ever hides behind a technicality in contesting a claim.

Incidentally technical questions are involved in the procedure incident to such contests after they are instituted, but the issue which eventuates in the contest is invariably a substantial defense. Defense is the proper term, for the companies seldom bring an action against a policyholder. This is partly due to the unilateral character of the contract which is binding upon the company, though optional as to the policyholder who may abandon it at will.

### *FAVORS THE BENEFICIARY*

Furthermore, thousands of claims have been paid by the companies which were of doubtful validity, because the usage of every company is to resolve the doubt in favor of the beneficiary.

It is no answer to these statements to assert that the policy of the courts has forced the companies into this liberal attitude. The legislatures and courts have not initiated the practices and principles of the companies. Practically every new feature liberalizing policy terms was first proposed by one or more companies. The famous Committee of Fifteen laws including the so-called standard provisions were codifications of policy provisions and regulations already used by companies.

### *COMMITTEE OF FIFTEEN LAWS*

The standard provisions proposed by the Committee of Fifteen have been enacted into the statutory law in less than half of the American states, though practically every life insurance policy issued in America contains these standard provisions. Prior to the meeting of Governors and Attorneys General in Chicago in the early days of 1906, at which meeting the Committee of Fifteen was appointed, the established companies were issuing policies containing most, and some of them all, of these stipulations.

If the public could be informed of the ingenious schemes concocted for defrauding life insurance companies, and could be made to understand that no claim which appears to be worthy is ever contested, the sentiment of juries, and perhaps of courts, would be more considerate of the rights of the companies.



### *POLICYHOLDERS PARAMOUNT*

It should be known, too, that every life insurance company, stock, mutual or mixed, is a policyholders' company. The premiums paid in by policyholders and the accruing gains thereof, are the capital upon which the company does business. The capital stock and surplus are a guaranty fund. The officers and directors are merely the trustees of the policyholders. The interests of the policyholders are necessarily paramount. It is therefore the duty of the officers to refuse payment of palpably fraudulent claims, because of this trusteeship.

Every claim rejected is contested not for the protection of officers or stockholders, but solely for the protection of the honest policyholders whose premiums the company holds in trust for their benefit, and the benefit of their designated beneficiaries.

### *THE ACTUAL FIGURES*

The number of life insurance cases disposed of in the courts of last resort in the United States as shown in Deitch's Digest of Insurance Cases for thirteen years, 1910 to 1922 inclusive, including assessment life insurance and exclu-

sive of fraternal cases, is 2212. In the same years the fraternal societies appear in 1977 cases. The average number of life cases per year is 170 and of fraternal cases 152. In the year ending 1910 there were 153 life cases reported and in the year ending October 31, 1922, life insurance companies were parties to or indirectly interested in 135 reported decisions. There were 181 legal reserve companies listed in the Spectator Index for December 31, 1910, and 252 listed for December 31, 1922. The total volume of business at risk, not including industrial policies, in December, 1910, was $13,200,000,000 and in 1922 was more than $41,000,000,000.

### *LOW PERCENTAGE OF CONTESTS*

It will be observed that the record in 1910 was about 8-10 of a case per company and in 1922 the ratio was 75-100. The volume of business in force was increased more than 300 per cent. This means there were probably at least four times as many policy claims settled in 1922 as were settled in 1910.

In other words, if the proportion of reported cases in 1922 had been upon the same ratio to the volume as the number in 1910 was to the volume of that year, there would have been nearly 512 cases reported instead of 135.

When one recalls the fact that in 1922 there were $41,000,000,000 of life insurance at risk in the 252 companies doing business that year,



with only 135 reported cases all told, the conclusion follows that life insurance companies do not seek but do avoid litigation.

### *AN UNCONSCIONABLE LAW*

Nevertheless, Nebraska and several other states penalize life insurance companies for defending law suits brought against them by taxing attorneys' fees in the trial court and also in the appellate court, if perchance a jury in the lower court finds against the company, or the appellate court decides the issues against the company, or both courts are adverse.

This is an unconscionable law. It ought long since to have been repealed. It begets litigation and plays into the hands of shyster lawyers. It is unfair and presupposes a sham defense, for upon no other contingency can such a law be approved. If the court were given authority to tax attorneys' fees when the court finds there is no bona fide defense, it would be less objectionable, though the writer sees no reason why life insurance should be singled out by the law for this form of penalty.

### *COURTS BEING EDUCATED*

There is complacency, if not consolation, however, in the slowly growing tendency of the courts to consider life insurance contracts on their merits and to modify some of the harsher conclusions of former years. The Supreme Court of the United States has announced its

discovery that life insurance policies contain an incontestability clause! The Iowa Supreme Court approving the right of an accident company to limit the risk insured, expressed the opinion that the right of freedom of contract was essential to the successful conduct of the insurance business. The U. S. Court of Appeals, 8th Circuit, Judge Sanborn, says: "The natural, obvious meaning of the provisions of a contract should be preferred to any curious, hidden sense which the exigency of a hard case and the ingenuity of a trained and acute mind would discover." Several courts of last resort have held that unambiguous terms in a life insurance contract should be construed according to their evident intent and should not be changed by judicial construction to mean something else. Others have broadened this principle by holding that they should be interpreted, even when ambiguous, with regard to the evident purpose of the parties and the nature of the general understandings of the insurer in its treatment of its policyholders. The Supreme Court of Missouri reversing the court below, which held a contract to be ambiguous, remarks, "With all due respect to the Court of Appeals, it is manifest that this is not construction but the substitution of a radically different contract." A Kansas court holds that courts cannot change insurance contracts any more than they can change other contracts. The Texas Court of Appeals at Fort Worth held that the



insurer was not bound by terms of advertising cards or understanding of applicant but only by the terms of the policy. A New York appellate judge gives voice to a similar sentiment. A Utah court says: "Life insurance contracts are so important in our modern life, and affect so many persons of all classes and are so beneficial in their effects, that they may well receive the consideration and protection of law-making powers."

### *RECORD OF FAIR DEALING*

In the past few years the policyholders, the public, legislatures and courts have become more familiar with the principles of life insurance and consequently their attitude is increasingly friendly and considerate. This is largely due to the splendid continuous record of the companies for fair dealing with all concerned. Likewise the high character of the executives and ethical conduct of the field forces have been recognized by the general public.

Once the fact is established that this great business of organized and effective beneficence is not a supremely selfish commercial undertaking, but is a thrift-begetting, altruistic institution for the good of humanity, the contract of life insurance will be recognized in its true relation to the parties making it, the beneficiaries of its provisions and the public.

### *GREAT WORK OF SALESMEN*

It should be remarked that the field representatives of the companies, who are necessarily close to the policyholders, are doing a splendid service to both companies and policyholders in presenting to the latter, the opportunity for life insurance and at the same time educating them to correct views of the character, fairness, value and importance of life insurance contracts.

When more than ninety-nine per cent of all claims are paid promptly without question, the policyholders must know the companies deal justly and generously with beneficiaries.

CHAPTER IV.

## The Keystone Policy of Life Insurance

*You fear the Angel of Death may call*
*Before you make your way in life;*
*Or disablement may you befall;*
*Or business suffer in the strife;*
*Or thinking of old age appal,*
*Just say to sweetheart or to wife:*
*"Life Insurance saves from all."*

ALL life insurance policies are good. Some are better than others for particular reasons, governed by the circumstances of the applicant. The ordinary life policy is the keystone policy of life insurance. It has no superior.

The lowest premium form of life insurance is the Term policy. It is protection for the time being but is like rent paid for the use of premises for a given period.

The sums of money paid for rent are usually less than those required as instalments toward ownership of the house. Nevertheless, for purposes of protection only, for a given purpose, during a stated period, the Term policy may sometimes be useful.

The Term policyholder may pay out considerable funds for the purpose of temporary protection, as the tenant pays rent for temporary possession of a house. The tenant never owns the house and the Term policyholder never owns a permanent life policy. When his Term policy expires, he moves out of life insurance, as the tenant moves out of a building when the lease expires, unless in both cases the temporary possession is reduced to ownership by converting the policy into another form or purchasing the house.

### *THE ORDINARY LIFE POLICY*

The applicant who chooses the Ordinary life policy will not regret his choice. It fits any condition admirably and being convertible into any higher premium form at will, without reexamination, is adjustable to any change of financial status.

### *ACTUARIAL PRINCIPLES*

The actuarial principles are identical in all standard forms of legal reserve life insurance policies. Legal reserve life insurance policies are based upon and are themselves equivalents, and equations so nicely calculated that they can be made to fit widely differing individual requirements.

In every form of life insurance policy, the premiums paid, plus the interest collected, less the expense of securing and carrying the risk,



will equal the legal reserve. Briefly stated: Premium+Interest—Expense=Reserve. This formula is unvarying in legal reserve life insurance.

### *THE LEGAL RESERVE*

The legal reserve, increasing from year to year with interest accumulations, is the source from which the beneficiaries draw the proceeds when policies mature. Policies mature either by death or expiration of the endowment period.

Should the legal reserve held by a life insurance company upon all its policies become impaired, the company instantly becomes technically insolvent. The fundamental law of equivalents and equations under which life insurance exists, and the statutory laws providing for reserves and supervision, requires the reserves at all times to be intact.

A policy of life insurance on the Ordinary plan requires the payment of the annual premium charged for the age of the policyholder.

A Twenty Payment life insurance policy requires the payment of the annual premium for twenty years, charged for the age of the policy holder.

### *THE NET PREMIUM*

In each standard case the annual net premium will be a sum certain determined by the age of the policyholder, which, increased at a specified rate of interest compounded, will pro-

duce the reserve from which the beneficiary will be paid at the maturity of the policy and cover the current cost of carrying the risk.

The date of the maturity of any Ordinary or Twenty Payment life insurance policy is an actuarial ascertainment, uncertain so far as the individual policyholder is concerned, but absolutely certain, nevertheless, because death is certain.

### *THE BUSINESS OF THE ACTUARY*

It is the business of the actuary to assemble the averages, compute the annual or single premium based upon death rates and interest upon the premium paid. This he does by what the actuary calls Commutation Tables, from which any life insurance value at any age may be quickly determined. The actuarial calculations of life insurance are so conclusive and reliable that an established company, with sufficient business to give the company the benefit of the law of averages, may at any time cease writing new business and liquidate every individual policy at its maturity even if the last policyholder lives until he is ninety-six years of age.

### *MATURITY OF THE POLICY*

Death, in life insurance, is the date of the maturity of a life insurance policy. So far as any individual policyholder is concerned, it is as much a certainty as the date when a promissory note falls due. The premium deposits made at stated periods continue theoretically until the necessary reserve is accumulated from which to pay the beneficiary. At age ninety-six, which is technically called the possible life time, in the Ordinary life and Limited Pay policy, the policyholder may withdraw the sum of money provided for the beneficiary in the face of the policy, assuming that all premiums have been paid.



### *TWO EQUIVALENT FORMS*

The Ordinary life policy and the popular and highly satisfactory Twenty Payment life insurance policy are equivalents. They have the same single premium, when based upon the same mortality table and interest rate. The gross premiums will vary according to methods of loading for expenses and contingencies. For the purposes of this illustration we may assume a whole life single net premium for a given age to be $370.55 invested at 3½ per cent compound interest. The interest will be sufficient to pay this policyholder's share of losses incurred from year to year and will accumulate $1000.00 at age ninety-six, the limit of life.

Few applicants are willing or able to advance the net single premium of $370.55, consequently the company will issue an Ordinary life policy, immediately effective, on receipt of $19.91 with an expense addition, upon the agreement of the

policyholder to pay a like sum each year thereafter.

It will issue a Twenty Payment life policy paid up in twenty years for a net premium of $28.40 per year with a percentage added, called loading for expenses.

These annual net premiums are each the mathematical equivalent of $370.55, the net single premium.

### *AN ILLUSTRATION*

A homely concrete application of the principles, suggested by a very capable actuary, may make the proposition clear to any layman. When the blacksmith heats a bar of iron to welding heat and places it on the anvil in horizontal position and pounds it with his hammer he will draw it into a thinner bar of increased length. If he places the same bar in a vertical position on the anvil and hammers it, the bar will be shortened. The bar in each case contains the same amount of metal before and after being hammered by the blacksmith. The lengthened bar and the shortened bar are equivalents.

So the Ordinary life and the Twenty Payment life policies are equivalents. One is a lengthening of the premium paying period and the other a shortening of that period. The protection is the same.

### *A FURTHER COMPARISON*

Another way of comparing these policies is to consider them from the standpoint of invested assets. The Ordinary life policy requires the smaller initial investment and contemplates like annual deposits during the life of the policyholder. The Twenty Pay life requires larger initial and annual deposits which cease after the twentieth year.



A young man with a limited income is advised to carry Ordinary life because, for the annual premium he can afford to pay, he has a larger amount of protection. It has always this economic advantage over other forms of policies for all ages.

For the middle-aged man, able to pay a larger premium, the Twenty Pay life is highly satisfactory, because he will complete his life insurance premium payments about the age when he may have reduced earning capacity or be retired from business. It is often said the best policy for the young man and the man past middle age is the Ordinary Life, but the Limited life is best for middle ages.

### *FITTING THE POLICY*

Whether young, middle-aged or older, the salesman of any legal reserve life insurance company can fit the policy to the financial condition of any applicant. He can show any applicant just how life insurance can be utilized for creating, preserving and protecting an estate and at the same time cover the conditions of family, business, taxation or inheritance necessities and requirements. He can demonstrate

to any insurable man or woman the value of life insurance to childhood, youth, maturity, middle life and old age. He will, upon inquiry, submit plans for business safety, corporate prosperity, personal protection and family assurance. Likewise, he will make plain the manner of providing against all the natural and usual vicissitudes of human life, including total disability. death by disease or accident and dependent old age.

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### *THAT EXPLAINED WHY*

A negro was called into the Department by the Insurance Commissioner. The Commissioner said to him, "Don't you know you can't write life insurance in this state without a license"? To which the frightened African replied "I knowed, boss, I couldn't write none, but I never knowed the reason befoah."

CHAPTER V.

## Life Insurance As It Is

NO SYSTEM of saving, or program of thrift thus far devised equals that afforded the American citizen, male or female, by the forms of life insurance policies issued by legal reserve life insurance companies.

In no way can the man or woman with a limited income create an immediate estate except by entering into a contract of life insurance.

### *A COMPLETE ASSURANCE*

Only through a life insurance policy can a man or woman of limited income project into the future a definite, available, indefeasible estate which cannot be defeated by death, total disability or financial reverses.

Only through a life insurance policy may a young business man dependent upon his own resources, relieve himself of the anxiety or fear of (1) death, (2) total disability, (3) financial embarrassment, (4) dependency in old age.

Life insurance under a single form of policy for a premium which amounts to a few cents a day will provide (1) $5,000 for the protection of dependents in case of death, (2) an income of $50.00 per month during total permanent disability with waiver of premium and $5,000 for the beneficiary when the insured dies, (3) after

three years a sum certain for immediate necessities in the way of a policy loan and (4) $5,000 for use himself when he reaches the age of 60 or 65, and this can be taken in installments or the lump sum. The annual premium for such a policy for a man 25 years of age ranges from $105, or 35c per day for each business day of the year to $145 or less than 50c per day for each business day, depending upon the class of policy and assuming 300 working days for a year.

### *MEETS FINANCIAL PROBLEMS*

Life insurance meets through one form of policy or another all the financial necessities of modern life. It protects the widow and orphan; it educates the orphan children; it pays off the mortgage on the homestead; it provides against the emergencies of physical impairment; it makes available money for imperative necessities when none can be obtained elsewhere; it adds comfort and independence to old age; it enables the thrifty husband and father to extend into the future beyond the term of his own life an estate which can start his children in business; it offers corporate and partnership permanency where without it there may be misfortune or embarrassment if not bankruptcy; it encourages thrift and rewards the thrifty.

Life insurance adapts its beneficence to all the necessities of human existence as does no other institution.



### *AN UNIQUE CONTRACT*

The life insurance policy is a contract unique, unilateral and equitable. It is the only human commercial undertaking by the terms of which all the interested parties, insured, beneficiary, company and the public enjoy gains and experience no losses. Every gain is offset by an equivalent loss in the ordinary gainful contract. The life insurance contract is optional as to the insured, irrevocable as to the insurer and is so balanced in its equities that it is based upon equivalents and equations.

For half a century this great institution of co-operative commercial endeavor has been tested, tried as by fire and found equal to all the contingencies of a complicated system of business in a fast growing country.

Panics, pestilences, war, attacks of demagogues, unfair and unfavorable legislation—all the hindrances to human advancement and all the checks upon national and individual prosperity, have been met by life insurance. No contract has been repudiated, no agreement has failed of performance, no legal reserve company has become bankrupt with loss to beneficiaries, within forty years. Life insurance on the legal reserve plan is as safe as an established government.

### *A SHOCK ABSORBER*

Legal reserve life insurance contracts have saved perhaps a million men from hopeless

bankruptcy in the panics of the last fifty years. More men and institutions were enabled to weather the stressful period following the World War by reason of life insurance contracts than statistics will ever make known. It is common knowledge that hundreds of the smaller banking institutions of agricultural America would have failed but for the loan values and cash surrenders of the policies carried by their borrowing clientele.

Legal reserve Life Insurance enjoys, as it deserves, the respect and confidence of America. This is shown by the marvelous growth of the institution which now has $70,000,000,000 at risk upon probably 35,000,000 Americans, ninety per cent of whom, when they die, will leave behind little estate other than life insurance.

These facts ought to be known to every man, woman and child in America for the life insurance agent has sought to bring them to their attention. Few young men do know them. Fewer young women have every thought of them. Women as well as men are offered the opportunity of saving money through life insurance.

## *THE LIFE INSURANCE AGENT*

Every human being who is insurable should realize that his most serviceable business acquaintance is the hard working enthusiast whom many thoughtless persons deride,—the life insurance salesman. He is the best friend of widows and orphans, the patient servant of an



unappreciative public and his work lives after him in the memories of grateful women, innocent children and their hardheaded unsympathetic male relatives.

These active, sentimental colporteurs of thrift and beneficence, by insistent, persistent industry, unexampled patience and faithful preaching and teaching of the gospel of legal reserve, old line life insurance, have enabled 35,000,000 Americans to create 35,000,000 estates aggregating in value more than $70,000,000,000.

The life insurance salesman should have the glad hand from every banker, business man, philanthropist and every good citizen whatever his occupation, whenever and wherever he appears. His is a noble profession. Without him Legal Reserve Life Insurance—greatest of all the achievements in modern human co-operative financial undertakings—would not be the organized beneficence it is today and the most phenomenal commercial fact of all history.

CHAPTER VI.

# Reserves, Cash Surrenders and Policy Loans

THE Reserves of life insurance policies are maintained by the premiums paid by the policyholders.

These reserves earn a fixed annual rate of interest, compounded annually.

The net premium is the portion of the deposit made annually by the policyholder which is added to the reserve of his policy.

The net premiums increased by the stipulated interest accumulations constitute the reserves of the company.

From the reserves the company makes loans to policyholders and from these same reserves it pays cash surrenders.

From the reserves, all policy liabilities of the company are paid including endowments and payments to beneficiaries.

## *IMPORTANCE OF RESERVES*

The importance of the reserves can be readily understood from these facts. When the reserves of a company become impaired the company is insolvent.



Every incident of a company's life is directed toward creating and maintaining its reserves.

Every investment it makes must be well considered because its reserves are the larger part of its invested assets.

Every policy sold must be sold at a premium which will produce that policy's share of the reserves in addition to its contribution to expense.

The reserve is a first lien upon every form of asset possessed by the company. It is an item of the assets whose integrity must be beyond question. The reserve is the life blood of the company.

It is called legal reserve because the laws of the states and the terms of the policy contract specify exactly what it must be year by year in dollars and cents.

## *OLD LINE POLICIES*

A policy which is issued on the legal reserve basis, whether term, whole life, limited payment or endowment is popularly called an "old line" policy.

Old line or legal reserve life insurance companies are required by law to maintain reserves based upon the American Experience Tables of Mortality or their equivalents.

It is this actuarial method of calculating and maintaining reserves which distinguishes the legal reserve companies from other institutions,

which offer term insurance at term rates on some form of mathematical computation contemplating the receipt of mortality cost estimated or actual. These institutions do not create reserves from which cash surrenders may be secured, extended insurance allowed or paid-up policies issued. They have no principle of non-forfeiture or plan for carrying on life insurance beyond the due date of any delinquent premium.

The old line or legal reserve system of life insurance is time tested, fully tried and has never been found wanting. Attempts at building life insurance companies without maintaining adequate reserves have thus far failed and must in the future be uncertain and disappointing to policyholders and companies.

### *THE ONE SAFE PLAN*

The one safe life insurance, meeting every human contingency as no other commercial investment can, adapting itself to the vicissitudes of life, in health or in sickness, in good times and in hard times, and protecting the dependents against death, that most definite of human hazards, and delinquency, the most common of human faults, is old line legal reserve life insurance.

### *LOAN VALUE*

Hence a legal reserve life insurance policy the third year carries a reserve value, which is increased annually and may be applied on future premium payments, may be borrowed from the company by the policyholder, or may be converted into cash by surrender of the policy.



The loan value of a policy is that portion of the reserve which under the contract of insurance is available to the policyholder as a loan, the policy being the collateral security.

### *THE CASH SURRENDER VALUE*

The cash value or surrender value of a policy is the sum available under the terms of the policy in cash which the policy holder may withdraw from the company by surrendering and cancelling the policy.

The amounts available are mathematically certain. They are usually set forth year by year in the policy for the first twenty years. The policyholder may learn by inquiry at the home office of the company the amounts of these values at any given date.

### *BORROWING ON POLICY BAD BUSINESS*

Policyholders should not surrender their policies or borrow the loan value excepting under conditions which make it most necessary. A husband should not borrow from his widow and a father should hesitate to impair the estate of orphan children.

Nevertheless, there are times when by utilizing the value of a life insurance policy, financial sacrifices may be avoided. It is under these ex-

ceptional conditions that the beneficence of life insurance is appreciated. Many a man has been saved from bankruptcy by a policy loan and many a country bank is solvent today because its borrowing customers had life insurance policies with legal reserve values.

### *BORROW RATHER THAN CASH IN*

The policyholder should not "cash in" his policy. The loan value is always equal to or larger than the surrender value. When he must resort to his life insurance for cash to meet a pressing commercial obligation he should borrow on the policy—not surrender it.

### *FROM ONE POCKET TO ANOTHER*

Having borrowed, he should as promptly as possible repay the loan. By doing this he is paying himself. If a man has money in two banks and checks against one bank to deposit in the other, he is merely conveying his money from one of his pockets to the other. So when a man checks against his bank account for money to pay a loan on his policy he is merely transferring the sum checked out of the bank to another depository. He has simply taken the sum of money out of his left pocket and placed it in the right pocket—right in both senses of the word.

Should death occur while a policy loan is unpaid, the company deducts the indebtedness from the amount paid to the beneficiary. Should



death occur after the cash surrender has been taken, the company's obligation having been released, the beneficiary receives nothing.

Furthermore, so long as there remains any reserve in the hands of the company, failure to repay a loan does not void the policy.

### *AUTOMATIC PREMIUM LOANS*

Many companies issue policies with a loan privilege available, either by election or automatically, under the terms of which failure to pay a premium on its due date, does not lapse the policy, but the reserve value is converted into a policy loan which carries the policy for a period certain. Generally under a policy loan, a notice must be given the policyholder before his policy can be forfeited for non-payment of the loan.

### *IMPORTANCE OF THESE PRIVILEGES*

These important privileges are not to be lightly considered. No bank of any character will afford its customers the privileges which a life insurance policyholder enjoys.

Few banks will pay interest upon deposits which are subject to check. Where by reason of the large daily balances interest is allowed, the rate is usually as low as 2 per cent.

What bank will permit a depositor to withdraw money represented in a time certificate of deposit without penalizing the depositor?

What bank will agree with a depositor that if he will deposit 3 to 5 per cent of a given sum annually it will pay his widow the principal sum in full immediately without discount, debate or delay?

What bank would permit that same depositor to withdraw his deposit any time after three years and agree to pay the widow a sum far exceeding his withdrawn balance, deducting only the sum withdrawn and interest?

### *NEVER LAPSE A POLICY*

The moral of this tale is—never permit a legal reserve life insurance policy to lapse, be forfeited for nonpayment of premium or surrendered for a temporary cash benefit. Carry all life insurance to maturity. Regard it as a sacred fund—an estate created for the future and refuse to switch from one company to another or to destroy the estate any time.

### *THE AGENT WILL EXPLAIN*

The agent of any life insurance company in which a policy is carried will cheerfully explain all its privileges and conditions, and can readily secure from his company the answer to any inquiry he is unable to answer himself.

## CHAPTER VII.

# A Life Insurance Safe Deposit Box

MOST people are familiar with the system of safe deposit vaults now usually connected with banks.

They are rented to depositors for safekeeping of valuable papers and other valuables. Very often cash is put away in them for safe keeping.

Your life insurance policy for $5000 or any sum may be placed in such a vault among your other valuable papers.

That policy might be represented by the actual cash for the purposes of this illustration. Assume that it is.

The Banker shows you one of the boxes. He counts out $5000 in bank bills which he hands to you.

You place that sum in the safety box. The banker gives you the key. He tells you to carry that key home to your wife.

She is to be advised by you that if you die, she can immediately come to the bank with the death certificate and open the box with the key, take out the $5000 and use it for herself and the family.

He tells you that if your death shall be accidental another $5000 will be paid to her over the bank counter.

He tells you that if you become totally disabled by accident or disease you can draw from the bank $50 per month without paying interest and that this monthly stipend will not reduce the sum in the vault. Your wife gets that when you die just the same.

This banker goes on to tell you that if you find yourself temporarily short of funds after three years he will let you have the money at 6% to pay the interest or for other use out of what is in the vault.

But you are cautious and you say to the Banker, "That certainly looks fine, but what interest must I pay to have all these possible benefits?"

The Banker says, "I am charging most of my depositors from six to ten per cent for money but under this arrangement you will pay about three per cent on the $5000 and when you are 65 years old the $5000 is yours. It goes to your family if you die before you reach that age."

Your banker cannot do these things of course, because he is not equipped for carrying out these details.

Your neighbor, Alexander Croesus, has an equivalent arrangement which will accomplish every essential detail. All you have to do is to sign up an application for the $5000, pass a medical examination showing you to be in good



health and pay interest for one year at about three per cent and repeat this annually until you die, become permanently totally disabled, or reach the age of 65 years.

The company Croesus represents, is a legal reserve life insurance company and that means it never fails to carry out its contracts to the letter. It is as safe as the Government and the certificate or policy you put away for safe keeping is an absolute assurance that you have an estate of $5000 which is automatically converted into cash in the manner set forth in this chapter.

CHAPTER VIII.

# Business Life Insurance

*The premium is not spent,*
*Deposits are not lost;*
*The money is just lent,*
*There's no such thing as cost,*
*Outlay, expense or loss.*

BUSINESS Life Insurance is a very recent development—almost a departure — in commercial undertakings.

It is a very logical outgrowth of modern methods of conducting modern business.

The original idea of protection limited to dependents is wisely broadened to include associates in a common adventure as well as the adventure.

The doctrine of insurable interest was for a time a hindrance. When courts concluded that a creditor had an insurable interest in the life of his debtor it was only a short step to the partner.

There was some hesitancy in relation to the insurable interest of that artificial person we call a corporation. However, the evolution has continued until now company stockholders may provide for the maintenance of the control of the corporate stock by a life insurance policy



and the corporate person may protect itself from financial loss by reason of the death of a valued officer, employe or director whose name and credit constitute an asset of great value, as well as make certain the payment of an obligation to become due from a debtor.

## *CO-PARTNERSHIP POLICY*

The business policy is as simple in its terms as a personal policy. It is without complications or ambiguity. Standard provisions and all the features for protecting the beneficiary contained in usual forms of life insurance policies are included in the business policy. It has also the values common in personal policies such as cash surrender and paid up and extended insurance.

A business policy payable to a co-partnership may be of any form.

The partners may insure each other for the benefit of the firm or co-partnership property. By this form, indebtedness may be covered and credit protected.

Each of two partners may insure his life payable to the other partner, named in the policy as beneficiary, using firm funds for paying the premiums in both cases. This plan contemplates an agreement between the partners that upon maturity of the contract by death (or it may be maturity of a contract of endowment insurance) the payment to the surviving (or continuing) partner shall be available as personal funds of

such partner for liquidation of claims of the deceased partner or indebtedness of the partner to the firm.

### *THE SIMPLEST FORM*

The simplest and best form of a partnership business policy should specifically provide that the surviving partner is a trustee for the use and benefit of the estate of the deceased partner with directions for the payment of the proceeds to the administrator or executor in satisfaction of the deceased's co-partnership rights, interests and claims after satisfying his indebtedness to the firm. In order that this shall be accomplished, a specific agreement should be jointly executed by the partners, in which each agrees that the proceeds of the policy shall be so applied, to the end that all partnership assets, including good will, name and accruing profits derived from the business, may become the property of the surviving partner immediately after the death of the insured.

### *THE JOINT LIFE PLAN*

Sometimes this is accomplished by a joint life policy payable to a trustee with an express trust agreement in which all details of the arrangement between the parties are set forth to be performed by the trustee.

It is possible, also, to issue a policy running to a partner making same payable to a named beneficiary with provisions, assented to by the



beneficiary, that proceeds shall be accepted in full for the deceased partner's interest in the firm. But in such case the rights of minors and creditors may become involved and the purpose of the policy be frustrated. This form is not generally satisfactory.

Another method would provide a mutual agreement which would entitle the surviving partner to all the rights, interest and credits of the firm in consideration for which the policy should be payable to the estate of the deceased partner. This is a simple form of contract and might be applied to a joint or to several policies and would be most satisfactory when there are three or more partners insured. Details should be clearly set forth in the personal agreement.

### *DEATH DISSOLVES PARTNERSHIPS*

As the death of a partner dissolves the co-partnership and a distribution of the assets must follow, the interest of the deceased partner must be determined, and that interest turned into cash for the heirs or creditors or both. Even where there are no creditors and where no demand for the value of the interest is made, the deceased partner's heirs or devisees are to be reckoned with and any arrangement for continuing them as partners involves the creation of a new partnership and the probate of the estate of the deceased partner.

Frequently the surviving partner or partners would not choose for their partner, the repre-

sentative of the deceased member of the firm.

In any event, death of a partner means such a change in situation as requires a complete readjustment of firm affairs, firm attitude, firm credit and firm prospects. Formal dissolution with consequent loss of good will, loss of time for settling the estate and impairment or embarrassment of credit must follow.

Unlike a corporation, when a partner dies, his dissolution means a like result for the firm. A corporation continues in existence; a co-partnership quits one way or another.

Hence the value of life insurance to the surviving partner and to the heirs, devisees or assignees of the deceased.

Summarizing, it is sufficient to repeat to business men and life insurance salesmen, that life insurance policies can be drawn to meet every partnership contingency and the processes of fitting the policy contract to the requirements, either of the firm or the individual partners, involve neither uncertainty nor difficulty.

## *CORPORATION POLICIES*

Corporation Insurance has come into its own within a few years. The value of the life of a trusted officer who has successfully managed the business cannot be measured in dollars, but money will partly compensate the corporation for loss of his services. Many times the coincidence of death of the manager and the maturity



of a life insurance policy on his life, save a corporation from bankruptcy. Not less frequently it brings into the company treasury the funds essential to continuance in business and the calamity of death marks the return of prosperity to anxious stockholders.

The proceeds of a policy of life insurance, payable on the death of the insured officer, director or manager of a department, becomes immediately ready money. The contract of insurance, whatever its form, presents no technical difficulties. It is as simple as an ordinary promissory note and far more dependable, for collection of the promissory note, by reason of death or insolvency, may be difficult or require time for a recovery. The life insurance policy is paid at once, being incontestable after one or two years for any cause and practically so from date of delivery to the corporation.

## *MAINTAINING CORPORATE ENTITY*

Arranging a policy for the maintenance of corporate control is not so simple. Here, where the stockholder is insured for the benefit of others of the majority party in control, there must be either a trust agreement for the benefit of the parties or a written instrument among the holders setting forth the provisions whereby the proceeds of the policy shall be available to the other stockholders, parties to the agreement, for the purpose of paying the estate the agreed price for stock owned by the deceased stockholder.

Any life insurance office, given the plan of insurance and the purpose of purchasing stock owned by the deceased, can readily show the inquirer how the purpose can be effected.

Necessarily, the agreements in advance of death must provide to whom the proceeds of the life insurance shall be paid, and the contract between the survivors and their deceased associate, must have been so drawn that the capital stock covered in the purpose of the policy, may be immediately delivered to the new owners.

### *AN UNIQUE PLAN FOR CONTROL*

Where a father and son or two brothers desire that the survivor shall remain in control, the capital stock may be issued to them as joint tenants with right of survivorship, and in such a case, interests of other heirs of either, may be protected by a joint life policy.

The life insurance method is superior to the trusteeing of stock, its disposition by will or any usual method of maintaining control, because it is direct and final, and the funds for conversion at a price previously agreed upon among the stockholders, are immediately available—without court proceeding, discussion or delay. Furthermore, the fact of life insurance forestalls uneasiness of creditors and all concerned.

Any intelligent life insurance salesman can outline the plans for business insurance, quote the premiums and submit the application or obtain from his Home Office all necessary information.



### *DEPENDABLE INSTITUTION*

It is worth while to remind all readers that life insurance is the most dependable commercial institution in America. Its methods are standardized and its record for fidelity and financial strength is unquestioned. No form of contract or bond is more certain to mature and be paid at maturity than life insurance policies issued to corporations, partnerships or men who pay the premiums required when and as they are due.

The life insurance salesman becomes the benefactor of business as he has always been the protector of the widow and orphan. His presence in a business office, like his presence in a home, foreshadows a day when he will be the herald of hope and the minister of comfort. To him and his kind, business as well as home folks, owe a great debt they can never repay. It is he that has made the great Institution of Life Insurance the most impregnable financial fortress in history. Within its sturdy walls the family is safe and business men can pursue their several callings, free from the vicissitudes of commercial storms and serene, though sorrowing, in the presence of the great Destroyer himself.

CHAPTER IX.

## When You Are Sixty-five Years Old

THE measure of average mortality in general use in this country is the American Experience Table.

Under this table, of 100,000 persons living at age ten, 50,000 will be living when age sixty-five is their nearest approaching birthday.

The other 50,000 will have gone the way of earth.

In other words every man of your acquaintance at any younger age, has better than an even chance to reach the age of sixty-five.

Sixty-five years of age to a young man of twenty-five looks a long way down the future but he has better than a fifty-fifty chance of passing that milestone.

Hence an endowment life insurance policy maturing at that age makes a special appeal.

To a healthy man with at least a fifty-fifty chance of living to age sixty-five it ought to be particularly alluring.

If he has a life insurance policy maturing as an endowment, he is doubly secure for if he dies his beneficiary receives the money represented by the face of the policy, and if he lives he cashes it in for himself.



If he is one of the more than 50,000 who answers roll call on that fateful birthday, he knows that his declining years will be free from the sense of dependence the majority are certain to experience.

Whether the reader of this chapter will land on the hither or the yonder side of that fateful line of demarcation between the living and the dead, time alone will make known.

It is comforting to feel that the chances are better than even that his policy will mature as life assurance instead of death insurance.

It is also comforting to know that if the milepost is never reached that his loved ones will receive the proceeds of his policy at the very moment of their greatest distress and possible need.

The endowment at sixty-five requires only a little larger annual premium than a twenty payment or ordinary life.

The endowment at sixty-five lends itself to the combined thought of family protection, personal assurance of income when disabled, personal aid in financial difficulty and income for old age.

At age thirty-five and younger ages, it is by far the best form of policy issued by legal reserve Life Insurance Companies. At older ages it is good for all the purposes for which a policy is taken, because it is equal to all the contingencies of the advancing years of urban or rural business men.

Sensible men going up grade to sixty-five know how steep the trail to the valley becomes after that age and make their plans accordingly.

Endowment insurance sometimes is called "Life" insurance and other forms are sometimes referred to as "death" insurance. To the live man "Life" insurance is the cheerful form of protection.

At sixty-five the thrifty successful man is ready to enjoy the remaining years of his life. His children are usually settled for life and he and his life long companion are ready to take the world easy. A maturing endowment policy means much for father and mother, and they have earned the ease which it makes possible.

An even chance is all anybody asks in the business world. Everybody has an even chance or better to live to age sixty-five.

CHAPTER X.

## Young Man—Old Man

YOUNG MAN: Old man, You look so cheery,
So happy and contented like,
When others are so weary,
Unhappy and demented like;
That I wish to know the reason.

OLD MAN: Young man, when I was just a youth,
I had sense to prepare for age.
I was taught the profound truth,
That the wise man they call a sage,
Foresaw old age in season.

EVERY Young Man of twenty and upwards has better than a 50-50 chance to live to age 65.

This means that the reader of this book is very likely to be an Old Man one of these days.

Now is the time to make the Old Man you will be after a while, contented, healthy, competent and comfortable.

To accomplish these four desirable future conditions means the application of a lot of

common sense to the problems of youth and middle-age.

### *THE YOUNG MAN SHOULD BE WISE*

To make the Old Man contented means that the Young Man shall be wise. The Young Man who becomes the contented Old Man must have acquired habits of life which makes books, people, travel and occupation interesting. In fact, every Old Man is happier, if the Young Man has developed a fad. It may be history, poetry, fiction or languages. It ought to be some delightful acquaintances with all outdoors, birds, animals, plants, bees, flowers, fruits, geology, biology, geography, boating, fishing, hunting, photography, toolwork—something which includes pure air and out-of-door exercise—not violent—but sufficiently intense to divert the Old Man's mind from approaching senility.

### *THE OLD MAN SHOULD BE HAPPY*

The long winter evenings and the stormy days should be happy for the Old Man if the Young Man has learned to enjoy good books. History, biography, travel and some fiction will continue to interest such a Young Man when he becomes the Old Man. These days will be the happy days, for books are friendly companions, absorbingly attractive and always accessible.

Travel is never wearisome if the Old Man has been trained by the Young Man to adapt himself readily to travel conditions, and has filled



his mind with the stories of the countries he visits.

Many an Old Man with a taste for languages has found intense delight in acquiring a knowledge of modern and ancient speech and literature. The writer knows a man long past 65 years of age who has mastered in the past years seven languages, English, Latin, Greek, French, Spanish, Italian and Russian, during a successful professional career. He finds great joy in reading the classics of all these tongues. This man is never lonesome or discontented.

Now, unless the Young Man prepares these opportunities of recreation and contentment for the Old Man, the advance of the years will mean idleness, ennui and despondency.

### *THE SEAR AND YELLOW LEAF*

In spite of all the Old Man may be able to do to avoid physical isolation, the time will certainly come when old friends will be gone and family ties broken. New conditions will arise, former activities must cease and then comes the loneliness of old age—the backward look on life and the misery of discontent—unless the Young Man has trained the Old Man to meet and overcome these usual vicissitudes.

Golf, theaters, movies, cards, clubs, automobiling, may help, but many hours, days and perhaps months of perfect health or partial disability will be a source of weariness and discontent, unless the Young Man has wisely de-

veloped for the Old Man occupation of mind or body or both to "drive dull care away."

### *MAKE THE OLD MAN SAFE*

Suppose the Old Man was a Wise Young Man and the declining years could be happy in the reflection of a well-spent, active life and in the occupations which the trained mind will find pleasurable, how can the Old Man who is dependent or a pauper utilize the opportunity for contentment? He cannot.

The Wise Young Man has attended to this as the years of vigorous activity have come and gone. At 20 years of age or older he began to make provision for the situation he knew would develop. He has carried life insurance policies all through the years when he was in business, and at age 65 he has matured life insurance policies which make the Old Man comfortable as to finances, independent of his children and enable him to indulge in all his ambitions for study, travel, recreation and ease, which, during his busy career were more or less impracticable.

Wise Young Man through the beneficence of Life Insurance becomes Happy Old Man.

### *THE WISE OLD MAN IS CONTENTED*

Wise Young Man knows all his life that if he lives to be Old Man he can be contented, not idle, but busy, because he has planned all his



life to be independent, comfortable and occupied usefully, in those years when life's vocational activities have been abandoned.

The beauty of it all is that there is no expense in building an absolutely certain estate sufficient to enable Mr. Old Man to be just what Mr. Young Man may arrange for himself.

A deposit of about 3% annually of the face of the necessary sum to be available at age 65, secures the payment of the principal sum beyond possible question by a legal reserve life insurance company.

Have you, Young Man, been fair to yourself as Old Man?

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### *THE FOUR I's*

Any man who has the faculty of salesmanship, will win if he steadfastly works, uses his grey matter, has tact and is on the square.

In other words he must rely upon Industry, Intelligence, Initiative and Integrity.

CHAPTER XI.

# Life Insurance and the Banker

THE life insurance contract should possess more than passing interest to the banker. No individual, not a party to the contract of life insurance, enjoys so much benefit from the maturing of the contract as the banker.

The banker naturally wishes to encourage thrift. No form of contract can be entered into by a customer of a bank which lends itself more completely to the doctrine of thrift than the life insurance contract.

## *AN IMMEDIATE ESTATE*

It is a method of saving and a method of investment which, differing from every other form of contract, creates an estate in the policyholder immediately upon the payment of the first premium or deposit and the delivery of the policy. Although a conditional estate it is based upon an event certain. It is like a deed to property subject to a life estate.

When the policy matures, whether as an endowment or by the death of the insured, a banker may reasonably expect to be at least the temporary custodian of the funds paid the beneficiary.



The maturity of a life insurance policy brings into the community an established estate which did not previously exist for that community. Differing from a fire policy, which is simply a form of recoupment for the individual who sustains the loss, the life policy adds to the wealth of the community. The property destroyed by a fire can never be replaced. The money paid to a beneficiary under a life insurance policy, is new property which did not exist for the community prior to its receipt from the life insurance company.

The banker, as counsellor of his customer, naturally will have much to do with giving direction to the expenditure of such sum as may come into the community on the maturity of a life insurance policy.

## *WELCOME THE SALESMAN*

There should be no more welcome visitor to the banker, in any community, than the life insurance solicitor. The local banker should cheerfully advise as to persons in the community who are likely prospects for insurance and are capable of paying premiums. It should be the banker's pleasure if not his duty to encourage all his customers to carry a reasonable amount of life insurance. He has not only a selfish interest in encouraging this form of thrift but community interest as well. He can without any element of selfishness properly advise and urge his customers to cast this anchor to windward.

He may or may not directly profit from the transaction but the banking business, the community and the beneficiary will all have a share in its beneficence when a policy matures.

In recent years the Federal Reserve Bank has urged the local banker to inquire of a proposed borrower how much life insurance he carries. It becomes the duty as well as privilege of the banker often to suggest that his customer, or his borrower, should acquire this form of protection for his estate as well as the protection of the loan which he solicits from the bank. The banker ought to be a non-partisan evangelist for this form of thrift.

## *A SHORT-SIGHTED POLICY*

Occasionally the banker seems to consider the insurance solicitor an intolerable nuisance. This is especially true in the agricultural and industrial sections where the banker is the most influential citizen. He turns the cold shoulder to him and in some instances is so short-sighted as to discourage the taking of life insurance by customers of his bank. Some times in small places this is purely selfish because the banker realizes that when the customer pays his premium by check, he depletes his balance in the bank by the amount of the check. Such a banker loses sight of the ultimate advantage which will come to the community, and most likely to his bank, as a result of the life insurance contract.



Many well informed, experienced bankers will refuse to loan a customer, otherwise entitled to consideration, if he is absolutely without the protection of life insurance.

## *IN STRESSFUL TIMES*

In the stressful periods many hundreds of small banks in the United States have been saved from receiverships by the help of life insurance contracts. Their customers who carried life insurance with cash surrender values, finding it impossible to secure money from any other source, were able to borrow funds to apply upon their bank indebtedness, from the life insurance companies, at a rate not exceeding 6%. Unfortunately in too many instances, not confined to small banks, the banker, whether from lack of knowledge or indifference, if not cold-blooded selfishness, has urged borrowers in default, who had cash surrenders in life insurance policies, to take the cash surrenders and cancel their insurance. This was a wrong to the customer, to the bank and to the life insurance company. The loan value of a policy and the cash surrender value are practically the same. When the cash surrender is used, the policy is cancelled. When the loan value is used, the policy remains in effect so long as the interest is paid upon the loan and succeeding premiums are kept up, subject only to the deduction of the indebtedness with accruing interest. Possibly some bankers are not aware of this fact.

though an examination of any legal reserve life insurance policy more than three years old would show the banker the amount of the loan value and the amount of the cash value, usually under the heading "Loan or Cash Value."

### *LOSS FROM LAPSED POLICIES*

When a policyholder surrenders his policy for cash he can never replace it fully. His age has advanced, increasing the annual premium. He may have developed an impairment between the date of issuance of the policy and the date of the surrender, which will either increase the premium at his attained age or render him uninsurable. If he uses the loan value instead of surrendering for cash, his policy can be kept in force, regardless of his physical condition and at the premium rate based upon his age at the date of the policy. In every particular his policy remains intact, subject to the indebtedness, whereas it is cancelled if he surrenders for cash.

There should be constant co-operation and friendship between the banker and life insurance companies. They are both custodians and trustees of funds of their customers. They are both in a position to be helpful to business men of the community, the banker by granting credit to deserving borrowers, and the life insurance company by protecting beneficiaries against the catastrophe of death, while in the same contract frequently providing a savings deposit to mature at a definite date. Meanwhile the policyholder is building up the best form of collateral known to commerce.



While the laws of the states permit a delay of six months for making a loan the companies do not avail themselves of this privilege. In nine hundred and ninety-nine cases out of a thousand, the loans have been made on request without a day's delay, even in times of general financial trouble.

### *BUSINESS POLICIES*

Recently life insurance companies have been writing a considerable volume of business in connection with savings accounts to the advantage of banks, depositors and beneficiaries.

Life insurance policies known as business policies are issued for the protection of corporations and co-partnerships. They are great stabilizers of commerce when used in this connection.

The life insurance policy lends itself also to the protection of the borrower who mortgages a home or who buys a home on the installment plan. The extra cost of carrying the life insurance is small compared with the security and certainty it affords the home owner and his family.

Life insurance protects estates otherwise likely to suffer loss by reason of Federal and State inheritance taxes.

## LIFE INSURANCE SALESMEN WORTHY

While it is true that some bankers have in times past had unhappy experiences with some life insurance salesmen, the quality of salesmen has vastly improved and a dishonest life insurance salesman is the exception and not the rule. No class of business men engaged in soliciting for trade will average any higher in integrity and ability than the life insurance salesmen. In every occupation there are crooks and disreputables. The fact that one or a few salesmen have gone wrong should not penalize all the rest of the salesmen engaged in the same line of business. If the banker should refuse to accommodate the established and honest business men of the community because of losses sustained by reason of one or more unfortunate or dishonest borrowers, banking business would cease.

Let bankers then show their appreciation of the most wonderful accomplishments of the legal reserve life insurance companies of the country, by encouraging their customers to carry for the protection of themselves, their families, and their communities, as much legal reserve life insurance on standard forms as they can safely undertake.

## AMERICANS UNDERINSURED

The average life insurance policy in America on standard forms is little in excess of $2000.00. Americans are plainly under-insured. Any young man can afford the small sum per annum required for an ordinary life insurance policy. At the age of 25 the premium for an ordinary life insurance policy for $1000 is on the average about $1.50 per month. On the 20 pay life policy it is from $2.00 to $2.50 per month per $1000. A $5,000 policy, maturing as an endowment at age 65 with a provision for the payment of $50 a month in the event of total disability from accident or sickness with the face of the policy payable to his beneficiary at his death or to himself at the age of 65, will require only from 40 to 50 cents per day at age 25. Many a young man spends 50 cents per day foolishly.



Every young man of 25 to 35 years of age has better than a fifty-fifty chance to be living at age 65, either independent or dependent.

The banker as a financial and business counsellor should know all these facts. He should cordially welcome the life insurance agent and courteously introduce him to the bank's customers as a common benefactor and a most welcome visitor. Not only so, but when young men become his customers or seek his advice as to their business future, he should urge them to include life insurance premiums in their annual budget of expenditures.

Once the young man acquires the habit of thrift he has established the foundation for future prosperity and competence.

CHAPTER XII.

## Ten Problems of Life

EVERY right-minded man, married or single, rich, poor or in fair financial circumstances is confronted with four problems:

1. How can I build an estate certain?

2. How can I protect those dependent upon me for financial support?

3. How can I avoid a dependent old age?

4. How can I protect myself against total permanent disability?

The same right-minded individual who is established in a business will be confronted with three other problems:

1. How can I perpetuate the business already established?

2. How can I secure to my estate my share of the value of this established business?

3. How can I avoid the loss to the business which would be incurred when I have been totally disabled or called away by death?

This thoughtful, right-minded person, having already achieved a fortune, is then confronted with three more questions:

1. How can I protect my present fortune from the casualty of death occurring in a period of depression in business?



2. How can I provide for the immediate payment of any financial obligations which are unsettled when the last call comes to me without previous warning?

3. How will my heirs and devisees meet and pay administration expenses, income and inheritance taxes and other outlays incident to the sudden departure from earth of the man who made and conserved the fortune during his active business career?

Then comes the single question of mighty import to every responsible human being:

How can I relieve my mind from anxiety for the future of my loved ones and from fear for myself of physical and financial decrepitude and a dependent old age?

The answer to all these inquiries can be given by any well informed salesman of any legal reserve life insurance company.

"What will it cost?"

There is no cost.

You simply make a deposit once a year to your credit and the absolute assurance is given you in a plain-spoken, unambiguous contract which you alone can abandon or revoke. It is a legal reserve life insurance contract and that means an agreement which can not fail of performance if you do not yourself abandon or cancel it.

CHAPTER XIII.

## Unselfishness in Action

YOUR house is insured, not to protect the house but to save its value to yourself.

Your accident policy takes no cognizance of the loss to the community of your earning power. It is purchased and maintained to recoup you personally for loss of time.

Your liability policy merely indemnifies you against a personal loss in case you are liable to some other individual for negligence. The policy does not insure or protect property, life or limb. You are guarding your own purse from a possible indemnity owing to or to become owing to another.

A surety bond simply replaces for the insured what otherwise would have been required at his hand.

### *INDEMNITY ADDS NOTHING*

Fire insurance cannot restore to the community the wealth which becomes ashes and smoke. The accident insurance cannot make good to the community the value of time lost or earning power impaired. The liability policy simply shifts the obligation to pay from the negligent citizen to the liability company. The surety bond merely guarantees that the policyholder



shall be held harmless in his pocket and estate. It creates no wealth for anybody.

All these forms of indemnity are based upon purely selfish considerations. This is peculiarly true of undertakings to indemnify the policyholder for loss of property, time, earning power, misfeasance, or damage to another person.

### *ORGANIZED BENEFICENCE*

Life insurance, however, is organized beneficence. The mild form of cupidity which we call exchange, is the solid underpinning of all other business transactions. Life insurance is unique in the fact that there is no exchange, there is no indemnity, there is neither loss nor gain in its principle of equations. It is beneficence translated into an agreement between insurer and insured for the benefit of a beneficiary, who is not a party to the agreement.

The insurer is a dependable trustee holding money for the use and benefit of a person called the beneficiary. The insurer is an unselfish person who will not live to enjoy the proceeds of the trusteeship, or know the comfort which his unselfishness will bring to his beneficiary.

### *LIFE INSURANCE IS ALTRUISTIC*

Life insurance is altruistic, too, for the trust fund it holds, when the trust is performed, adds to the community a sum of money never before available to the community in which the bene-

ficiary resides. The institution which makes this provision for the beneficiary is Unselfishness in Action.

The loss and gain account in the annual statement of a life insurance company is a fiction of figures—a bookkeeping term, inapt because in life insurance there are neither gains nor losses—only benefits. Neither insurer nor insured expects or realizes the form of profits which is contemplated in ordinary business undertakings out of which develop both financial prosperity and bankruptcy.

### *THE ESSENTIALS OF A LIFE CONTRACT*

The minds of both parties to a legal reserve life insurance policy contract, meet upon certain essential facts inseparable from each other. Both parties know the insured will die. Both parties base their agreement upon this fact. Both parties know that this is the inevitable law of life. Both parties know that death is a mathematical certainty governed, as to its date, by a law of averages which measures the fulfilment of the joint undertaking.

The insured does not attempt to fathom the actuarial processes which have so unerringly fixed the amount he must deposit from year to year to maintain the credit he is given when the policy is issued. He accepts the experience of a century and creates an estate by the payment of his first premium. He knows that when the policy matures the deposits he has made from



year to year during the term agreed upon, have made and maintained the estate so created for the sole use of his designated beneficiary.

### *THE POLICYHOLDER HAS NO EXPENSE*

He has lost nothing. He has made no sacrifice to maintain the policy. There is no self-abnegation and no waste or expenditure. Money deposited in a savings bank has never been denominated a vicarious offering on a sacrificial altar. It is merely keeping in a given place what a man owns and accumulates.

The premiums paid to a legal reserve life insurance company are likewise money belonging to a policyholder entrusted by its owner to a dependable trustee. Unlike a savings bank the estate is created when the first premium is paid and the policy contract is delivered. All subsequent premiums are contributions to thrift and belong to the estate already fixed and certain, which is many times the value of a series of annual premiums or deposits.

### *"NET COST" A MISNOMER*

The term "net cost," so common, and so glibly announced by field and home office, is misleading, inaccurate and offensive to the principle of legal reserve life insurance. The ideas of cost, expense, outlay, self-sacrifice, and loss are misnomers. They all mean in ordinary business transactions something forborne, out of reach, and gone forever. But there can be none

of these things in an executory or executed contract of legal reserve life insurance to any of the parties to the policy contract, to the beneficiary, or to the community. On the contrary, the contract is so nicely balanced in its equations that each and all enjoy benefits.

The life which went out of existence and so matured the policy, cannot be reckoned a financial loss, because death is just as much a part of life as birth. No one attempts to reckon the commercial importance of a newborn babe. It is a priceless boon, but has no market value. A human being who has lived his actuarial life, cannot be considered an asset. Neither is he a liability nor a loss which may be indemnified after the manner of a temporary disability.

### *A CONTINUING BENEFICENCE*

From start to finish a legal reserve life insurance policy is a continuing beneficence, a distinct benefit to every individual participating in any part of its creation and performance, the crowning achievement of the human intellect in the wide area of contractual activities.

The men and women of America should come to understand the simplicity and far-reaching beneficence of a legal reserve life insurance policy — a co-operative undertaking requiring no expenditure, so unique, that loss has no place in it, that unselfishness is its basic principle and that benefits accrue in every part of it to every



person who participates in its creation and maintenance.

### *NOT A COMMODITY*

It is the high privilege of those splendid Ambassadors of Thrift, the field solicitors, to offer life insurance as an opportunity, not a commodity. To them and the educational instrumentalities of the land, must be committed the duty of educating the individual American in the principles, practices and achievements of the individual policies.

Until the citizen and his family comprehend and believe in life insurance as "Unselfishness in Action," the work of instruction must be pressed with vigor, intelligence and increasing persistence.

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### *HE FELL IN LOVE*

It was a life insurance agent after he married the widow of one of his policyholders who said, "I fell in love with the lady the very day she collected from my company the proceeds of the $10,000 policy I persuaded her husband to buy."

CHAPTER XIV.

## A Happy Christmas Eve

ALICE Wakefield Reynolds, her husband and three children sat in the comfortable living room on Christmas Eve.

The children were much interested in the coming of Christmas and the husband was quietly reading the evening paper.

The doorbell rang and a special delivery letter addressed to Mrs. Reynolds was handed to her.

In the early part of the year her father was called to his final reward after a very brief illness. He left a small estate and a policy of insurance for $5,000 payable to his widow.

Among his papers was a small package addressed to the wife to be opened after his decease. Among other papers was a policy of life insurance payable to Mrs. Alice Reynolds and a note to his wife, her mother, reading as follows:

"My darling wife:

"When this note reaches you I shall have gone from earth. You are left with a good home, some revenue producing securities and a policy of life insurance for $5,000. I owe no one anything and the expenses of my last illness will have been provided



for in a small policy of life insurance payable to my estate. My will herewith gives you all the property and I die consoled by the thought that you will never want for anything which I could have provided had I lived, excepting myself.

"You will find a policy in this envelope payable to our beloved daughter Alice. I took it out when she was fifteen years old. You know how we have always celebrated Christmas with modest remembrances to each other and to our child, long since grown to womanhood and now a wife and mother.

"I could never bear the thought that some day Christmas would come and go and Alice would not receive a Christmas gift from her father. So this policy provides for the payment to her of $50 on the Christmas following my decease and $50 every Christmas day during her life time.

"Say nothing to her about this until the first payment has been paid and then acquaint her with the fact that each Christmas so long as she lives her father will come to her home as usual with a loving memento of his undying affection.

"If I am conscious of any earthly incident on that farther shore, I shall be with her in spirit when the letter arrives containing this Christmas check.

"I know not when I am to be called home, but I shall find the parting from my old sweetheart and my sweet daughter much less agonizing in the thought that I am able to leave them these concrete proofs of my love and particularly this annual reminder of Happy Christmas days.

"Your most affectionate husband,

"THOMAS WAKEFIELD."

This letter by a special arrangement made by Mrs. Wakefield with the Company, was included in the special delivery letter.

Alice Reynolds read the letter and handed it and the check for $50 to her husband. A few moments later the door bell rang again and Grandma Wakefield came in and the letter and check were shown her.

The children in wonder looked at father, mother and grandmother, each in turn bursting into tears after seeing the papers which had been brought by the postman a few minutes earlier. They knew the papers contained no bad news because each of the three grown-up folks was smiling through tear-wet eyes.

There were six people in that Christmas Eve party at Barton Reynolds' home that evening who ever after remembered that as the happiest evening of their lives.

## CHAPTER XV.

# Life Values and Economic Death

DR. S. S. Huebner, the well known expert instructor in insurance, defines economic death, as any form of disablement which results in the cessation of the power to pursue productive activities.

Economic death, speaking in commercial terms, may be the result of actual physical decease, total and permanent disability, mental or physical, and the weakening of physical or mental activity by reason of old age.

Physical death comes to every human being, early, late or later. It is actuarially ascertainable as to date, but practically comes without regard to the life expectancy tables, relied upon in fixing the premium rates for life insurance.

### *EARNINGS FOR THE FUTURE*

Against its certain approach the wise man makes provision by life insurance, the proceeds of which shall project his earnings into the future, which his beneficiaries may experience, but which to him is unknown. Memory is all that man leaves behind for those who loved him on earth. That memory is sweetened and heightened when foresight and affection have provided

a substantial reminder of the activities which made the home and happiness, while he served his day and generation.

### *COMMON SENSE*

Foresight and common sense combined with parental or filial affection have softened the grief and made dependents independent, and able to carry out the plans for their future which the deceased hoped to bring to fruition himself.

A policy of legal reserve life insurance naming a wife, parent, brother, sister or child as beneficiary is the most unselfish form of contract. It is a practical application of the attributes of the three graces, Faith, Hope and Love and a substantial tribute to the greatest of these.

As protection is the basic principle of life insurance in any form and for any purpose, it is only one step from the entirely unselfish form of protection for dependents to the protection of other life values.

Dr. Huebner, in his interesting address delivered in Los Angeles, shows that these life values considered on their commercial side far exceed in money's worth all the tangible property of the nation.

These life values are dependent upon continuance of life and continuance of health. So it is not difficult to make figures of the amounts of life insurance required to prevent the economic cessation of productive activity.



### *THE LIVING DEATH*

The breadwinner who is totally disabled by accident or sickness is not only experiencing an economical loss himself, but his family is perhaps even the greater sufferer. A living death, with all it means of care, expense and misery, is often worse than physical death.

The modern life insurance policy with disability benefit, protects the dependents by waiver of premiums during the total and permanent disability and by paying the policy in full to them when physical death occurs. It does more. It supports the family or pays the expenses incident to the economic disturbance which caused the discontinuance of income. It is complete protection against not only the certainty of death but also the vicissitudes of life incident to normal activities.

### *OLD AGE BENEFIT*

The modern life insurance policy not only affords protection for the family or dependents and protection against the misfortunes so common to the head of the family, but it provides protection against that other almost inevitable form of economic death, which comes to the average man sometime after his sixtieth or sixty-fifth year when his powers are weakened by age even though he may be in good physical health.

All these forms of life values may be protected in a single policy and at a very moderate annual deposit or premium. For example at age

35 a policy for $5,000 with total and permanent disability benefit maturing as an endowment at age 65 may be secured for less than fifty cents for each working day. If death occurs at any date prior to age 65 the beneficiary receives $5,000. If he should be totally and permanently disabled at any date prior to 60, he will himself be paid $50 per month until the policy matures by death or as an endowment and his premium deposits are waived from the date when total disability has been determined.

### *ALMOST A CRIME*

It amounts almost to a crime for any man with a family dependent upon him to neglect the opportunity a modern policy affords him of protecting his widow and orphan children against his death. The delinquency of failing to provide against possible total disability is almost as wicked.

To join that great horde of old people who are compelled to go to the poor house, the old people's home, or live upon the earnings of children struggling to maintain their own families, with life insurance waiting to care for them when they reach the age of 60 or 65, is inexcusably shiftless and shameful.

Dr. Huebner holds the view that one generation should not have a lien for support upon any succeeding generation. Life insurance affords the opportunity to empty the poor houses, maintain the people who are homeless and give



dignity, independence, comfort and prolonged peaceful and happy life to those who will, in the period of productivity, provide for the economic suspension of activity due in most cases about age 60 or 65. Each generation can and should provide for itself.

### *PROTECTING THE BUSINESS*

Economic death can cripple a corporation or destroy a partnership. It can ruin the prospects and bankrupt a corporate entity. Life insurance with business policies meets this in cold figures, for there is no sentiment in a corporation or partnership policy. It is taken solely for commercial reasons and is as much a cold blooded transaction as demanding collateral to secure a note. Incidentally, there may be a sentimental thought when the proceeds are applied to pay a widow for her husband's stock in a corporation. The incentive is protection of a commercial venture, and the service a business policy performs is much like that of a surety bond.

### *APPLIED HUMAN SENTIMENT*

The usefulness of the applied human sentiment, common sense and commercial acumen which is interpreted so admirably in legal reserve life insurance policies, ought to appeal to men and women everywhere, not alone to the impulses of the heart but also to the grey matter we describe as the intellect.

A business of so much importance to individuals, alive or dead, to communities, to corporations and to traders, invites into its fold high grade men who believe in legal reserve life insurance and devote their lives to its development. These salesmen are familiar with forms of policies and it is a part of their training to know how to fit a policy to the necessities and purposes of their clients.

### *AN INFANT INDUSTRY*

Notwithstanding this remarkable record the field has scarcely been touched. According to Dr. Huebner, the life values of America represent six or eight times the total worth of all the tangible property in this, the richest land in the world.

The organized beneficence we call life insurance is truly an infant industry.

There is an ever widening field of opportunity for establishing contentment, for creating and maintaining homes, for cementing family ties, for creating potential estates, and for protecting men and communities of men against the economic death which menaces the life values built around Faith, Hope and Love.

And all the while it should be remembered that the greatest of these is Love.

## CHAPTER XVI.

## Letter From Father to Son

THE following letter from a father to a son contains a lot of good Life Insurance Philosophy and is couched in phrases which will be read with interest and sentiment by both fathers and sons:

Grand Rapids, Michigan,
January 1, 1925.

Mr. Robert Asbury,
Omaha, Nebraska.

My dear Son:

Your letter advising me that you will marry Adelaide Brovard on the first day of June, and asking my blessing on your proposed union is gratefully and affectionately received.

Your choice of a companion is most admirable and your father's heart goes out to both of you with his earnest prayer for a long and happy life.

When you were fifteen years old I took out a ten year endowment on your life payable to myself.

On the 20th of May next that policy matures and the proceeds will be my wedding present.

I am aware that when you were twenty years old, out of your vacation savings, you secured an ordinary life policy of $5,000. On my advice it was made payable to your estate, and you have kept it in force without aid from me.

You should continue this ordinary life policy without change of beneficiary, so that you may use it in any emergency during your life time. If you are called away by death its proceeds will be available to your administrator or executor to protect your estate from depletion for debts, taxes and expenses.

You should take out a policy for $10,000 in favor of Adelaide, which will mature as an endowment when you are 65 years of age.

You have better than a 50-50 chance of living to that age and will probably be ready to cease active business when you are 65 years old.

The proceeds at that time may be the only estate you have.

Let us hope you will be the exception though more men are wholly dependent upon their children or charity at that time of life than are self-supporting.

I would carry the disability clause as a further protection.

If you maintain these two policies you can work harder, worry less and accomplish more, because of the sense of security they will give you.

When children come, as I hope and pray they may, you will need no hint from me to take out additional policies to provide for their education.

The payment of life insurance premiums is in no sense an outlay or expense.

It is the very safest method of saving and the only certain method of creating immediate estates.

Should you at any time find difficulty in paying the premium on your $10,000 policy, a loan on the other will meet the emergency without endangering your wife's protection.



I hope you will never borrow money on her policy. Borrowing on your ordinary life policy to pay the premium on hers will be merely shifting the amount from one pocket to the other.

Again expressing my happiness over the prospect before you of having a home all your own with the sweet companionship of a wise choice, I am

Affectionately,

FATHER.

CHAPTER XVII.

# A Tribute to the Men of the Rate Book

BENJAMIN Franklin is the great American Apostle and Advocate of Thrift. His Poor Richard's Almanac and its proverbs have been the basis of many an American fortune.

William McKinley was elected president of the United States in 1896 and the campaign slogan in which he was denominated the "Advance Agent of Prosperity" did much to secure him his majority over William Jennings Bryan.

There are more than 200,000 licensed life insurance salesmen, at least a third of them bright, active and persistent men of affairs in their several communities who are preeminently Ambassadors of Thrift and Advance Agents of Prosperity.

## *AMBASSADORS OF THRIFT*

They are captains of industry, foemen of poverty, and benefactors of humanity as well as Ambassadors of Thrift.

They are the men whose lives are devoted to inducing their fellowmen to perform their duty to their families. They are the men and women who teach business men how to avoid bankruptcy and wage earners how to protect themselves against dependent old age.



They are the bugle blowing heralds and knights in full panoply who bring to all mankind the gospel of protection, thrift and prosperity.

They are an army equipped for aggressive service in a field where fighting is constant but their antagonists are their friends.

They force all the engagements by open attack but when they have won, the widows and orphans of the vanquished call them blessed.

These cohorts of progress, protection and prudence, this host with banners, singing the songs of home and country, are the agents, salesmen and solicitors of legal reserve life insurance.

## *ADVANCE AGENTS OF PROSPERITY*

They are high grade Americans, active in civic movements for community betterment, and models of intelligent industry as well as Advance Agents of Prosperity.

They and the thousands of associates who aid them in their endeavors to induce the men and women of America to accept the organized beneficence which legal reserve life insurance makes available to all the healthy people of the Union and which opens avenues of protection to those physically impaired, have built up the Institution of Life Insurance.

Without them, more than 35,000,000 estates now in being, representing more than $70,000,000,000 of ordinary legal reserve life insurance, would not be the outstanding achievement of the world's co-operative financial history.

### *THE NATIONAL ASSOCIATION*

The National Association of Life Underwriters stands for these field men as the only organization into which are gathered the leaders of life insurance salesmanship of the United States.

Its membership is representative only, for relatively few of the men who compose this splendid army of untiring workers for life insurance, have direct affiliation with the National Association. The name of every sincere man who carries a rate book should be included in its roster of members.

### *THE GOLDEN RULE*

To be a real Ambassador of Thrift and a real Advance Agent of Prosperity is a distinction of which any American Citizen should be proud. Every honest agent of every reputable life insurance company may earn the title. Most agents and most legal reserve life insurance companies are honest and reputable. The business is of such unique character, that elimination of the dishonest and disreputable is certain. No other business is so dependent for permanent success upon the highest principles



of strict integrity. In no other occupation is the golden rule the ever present guaranty of financial reward. In no other business undertaking is it so absolutely certain that misconduct and lack of personal and official integrity will be exposed and punished.

### *MAKING AND PRODUCING ESTATES*

These Ambassadors of Thrift are going about the land educating the people to be prudent, foresighted and efficiently thoughtful for the future of their dependents. They are informing business men of the opportunity available for maintaining the integrity of co-partnerships and perpetuating the life of corporations. They instruct men who have earned a competency how to protect their heirs and devisees from confiscatory taxes. Incidentally the doctrines of protection against the catastrophes of human existence, preached in season and out of season, help men and women to plan for the future and build inheritances.

### *MAKING ESTATES PERMANENT*

These Advance Agents of Prosperity are showing their neighbors and the public generally how policies of life insurance may create estates and make them permanent. They make possible great public educational and eleemosynary institutions. They provide money for the payment of church debts.

They can truthfully assert that they are bringing to the community money which can be obtained in no other way.

The reserve funds and capital of life insurance are utilized to promote prosperity. Through them churches, colleges, hospitals, utilities, homes, business houses and public improvements are financed.

### *THE INSURED MAN IS THE SAFE MAN*

Ninety per cent of the business of the country is done upon credit. Credit is based upon property and character. The insured man is the safe man—safe for his own enterprises, safe against unforeseen disaster, safe against dependent old age and permanent disability, and safe against that absolutely certain catastrophe men denominate death.

Prosperity comes to and remains with the individual and the community which is protected by insurance against loss of property and loss of earning power. Prosperity is the handmaiden of thrift and the man, woman or community which spends all it earns for the passing luxuries or necessities must always be poor. Death means grief always and it spells desolation and individual privation when no preparation to meet it has been made in the lifetime of the deceased.

### *THE TWIN SISTERS*

Thrift and Prosperity are the twin sisters of



Comfort and Contentment. Poverty is not of kin to Happiness.

Life insurance is the great shock absorber of modern civilization—available to every wage earner and bread winner. It adapts itself to the vicissitudes of existence and meets and mates with common sense to create and control personal habits and cancel catastrophes.

All honor then to the Ambassadors of Thrift and the Advance Agents of Prosperity — the Life Underwriters of America.

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### *A WIDOW'S HOPE*

A widow found a policy of $20,000 among her husband's papers after the funeral. Grateful to the beloved for his thoughtfulness, she went to a monument maker and ordered a handsome grave stone which she placed on his grave. On it was inscribed the name, the date of her departed husband's birth and death and the fact that he was her husband. Underneath all, she had engraved the words "Rest in Peace."

Then she presented the policy and asked for blanks to make proof of death. To her bitter surprise and disappointment the company advised her the premiums had not been paid and the policy had lapsed after the first year and the policy was void. When she learned these facts she returned to the tombstone manufacturer and directed him to add a line to the sentiment already appearing on the stone which line was epigrammatically expressive. It read "Until we Meet Again."

CHAPTER XVIII.

## Fundamentally Solvent

LEGAL Reserve Life Insurance is an unique demonstration of solvency, safety and permanence.

It is a combination of elemental principles which, combined in a standard form of life insurance policy, becomes the most dependable commercial and fiduciary agreement thus far devised by the genius of mankind.

By laws and stipulations, the policy is incontestable after a definite period. It is unlike any other gainful undertaking, because one of the high contracting parties is irrevocably bound to perform, while the other may abandon it at will.

### *MATHEMATICALLY CERTAIN*

Mathematically certain and based upon the immutable law of God that Death Cannot be Avoided, the policy performs its functions if the policyholder pays his premiums.

Under that other establshed order of the Great Creator, the Law of Averages, the actuary calculates the dates when the group of policyholders will individually mature the policy obligations of the Company, and determines the deposits required annually to meet and discharge those obligations as they become payable, to the last surviving or last persistent living contributor of premiums.



For many years the opinion was more or less prevalent that young members constantly added to a group would maintain the average mortality. The wrecks of so-called life insurance organizations which undertook to meet their accruing obligations upon this basis have exploded the theory completely.

### *"ADVERSE SELECTIONS"*

Furthermore, there was for many years, a more or less fixed opinion that "adverse selection" must be offset by continuing additions of selected young policyholders.

"Adverse selection" or "selection against the company" was a matter of very deep concern to life insurance experts. Even today, some apprehension reaches across the "curves" and blurs the "theory of probabilities" to some extent. The argument was plausible. It asserted that when a company for any cause, ceased to transact new business, it would experience the withdrawal of the insurable policyholders who could go elsewhere for protection, but would hold in its organization the impaired lives, who would be unable to secure policies elsewhere.

This theory has not been established as a fact by American experience. As many as one hundred life insurance companies have ceased

for one cause and another to write business and in forty-five years no life insurance company which continually operated on the regular legal reserve plan from date of organization, has failed with loss to policyholders.

### *"NO SUCH WORD AS FAIL"*

In the bright lexicon of legal reserve life insurance there is no such word as fail, to paraphrase the celebrated epigram of Richelieu. Performance by the company is guaranteed by the reserves and with reserves maintained unimpaired, there can be no possible disaster which will destroy the individual or collective obligations of the company to the policyholders and their beneficiaries.

Size and assets in life insurance are purely relative items. Neither has any compelling force affecting the ultimate result to any individual contract. The ten million dollar company is as safe as the ten billion dollar company. Each must necessarily create the same relative reserve to meet policy obligations.

In no other form of commercial endeavor or fiduciary undertaking is the performance so absolute and dependable.

### *TWO COMPANY ILLUSTRATIONS*

There is a company in the middle west which was organized in 1857. It has confined its business to one state. The total volume of its risks is less than $10,000,000. It never in all its ca-



reer added as much as a million of new business to the volume of the preceding year. It is one of the smallest companies in the American Life Convention, judging by its volume, and its assets exceed $2,000,000. If it should discontinue writing new business it could and would liquidate every policy obligation in accordance with its terms.

In 1907 a Georgia company had a total volume of business aggregating $42,000,000, represented by 13,390 policies. That company has written no new business for nearly fifteen years. Its volume has been depleted until there was in force December 31, 1924, $6,296,450. Its assets are $3,050,099. Its reserve to pay outstanding policies is $2,798,286. Its income in 1924 was $369,895 and it paid more than $240,000 to policyholders and beneficiaries in that year.

Any actuary will tell the reader that the foregoing figures represent an institution with going value and complete solvency.

These two companies represent the two extremes of life insurance. One has been slow-growing, conservative and sound at all times. The other had a very rapid growth under methods disapproved by the Department of Insurance and was taken over by the Department and operated thereafter under direct departmental supervision.

They illustrate the truth of the statements made herein.

Size and age are not material.

### *THE SAFEST OF BONDS*

A legal reserve life insurance policy is the safest bond in the market at all times of the year and in all the years it remains in force.

Fundamentally, every legal reserve life insurance company is sound, safe, dependable and its policyholders are secure.

There is no other business so thoroughly supervised and no other business where integrity of management is so essential to financial success.

The seventy billion dollars of life insurance now guaranteed by the two hundred and fifty or more legal reserve life insurance companies, represents thirty-five million estates voluntarily created by about the same number of individual policyholders. Each of these estates was created in the first instance by the payment of a deposit of a small per cent of the face amount of the estate.

### *TALKS THE INSTITUTION*

With these facts and others quite as interesting, the life insurance agent may justly take pride in his calling and profession. He represents the great Institution of Life Insurance, and if he is wise he will talk the Institution and not the Company. His company connection is purely incidental. He should, and trained men do, where the fact is involved in discussion, say:

"All legal reserve life insurance companies are good."

## CHAPTER XIX.

## The Life Insurance Estate

CREATED by a deposit of three to five per cent of the face of the policy, the legal reserve life insurance estate is thereafter fixed and certain.

It continues until the policy matures. In no other way can an estate be created and established by the payment of so small an instalment.

Having been brought into being, this unique estate, peculiarly distinct from every other form of property, is especially desirable.

The prime purpose of life insurance is protection for dependents of the insured, but it meets every requirement of a conservative investment.

Added to its value as a savings proposition, is the certainty that the ultimate purpose of accumulating a definite sum of money by a definite or indefinite date, will not be defeated by the casualty of death or total and permanent disability.

Summed up briefly the estate which the insured creates by depositing with an old line company a small annual, semi-annual or quarterly instalment, possesses features which should engage the interest of men and women working for wages and those whose incomes are derived from other sources.

*Quickly Acquired* The first deposit on a legal reserve life insurance policy creates an immediate estate equal to the face of the policy.

*Easily Maintained* The estate so created is maintained by small annual, semi-annual or quarterly deposits. Some companies accept monthly payments.

*Always at Par* The estate at death is invariably worth one hundred cents on the dollar and automatically becomes cash. No other form of property possesses this feature.

*Absolutely Secure* The estate is guaranteed by an old line legal reserve life insurance company, the safest financial institution in the world.

*Incontestable* After one or at most two years the policy is incontestable. Ninety-nine per cent of all policies maturing are paid immediately.

*No Fluctuation* The estate does not fluctuate in value. It is not subject to market contingencies. It is permanent, continuing and immediately available.

*Small Outlay* The creation and maintenance of a life insurance estate involves the temporary outlay of an annual sum less than interest and



but little more than the annual municipal tax rate.

*No Taxes* It is free from taxes, assessments, repairs, improvement charges and other items of expense incident to ownership of every other form of property.

*Fire Proof* The town may burn, the house and all its contents may be destroyed, but life insurance is fireproof. The destruction of the policy will not delay payment or reduce its face value.

*Thieves Balked* Other property may be embezzled, stolen or carried away by bailees, but life insurance is proof against every form of thievery.

*Fool Proof* So long as stipulated deposits are made at the stipulated periods, no impairment of the estate can possibly occur. It is foolproof.

*No Probate* Life insurance payable to a designated beneficiary requires no probate proceedings. A will must be probated.

*No Court Procedure* Life insurance requires no administration, no executor, or administrator, no receiver, no court action and no court or administrative expense.

*Paid Immediately* The proceeds of a life insurance policy issued by a legal reserve company will be paid within twenty-four hours after due proof of death.

*No Red Tape* Where a living beneficiary has been designated, no legal contingency or official red tape is involved or necessary.

*No Lawyer* No lawyer is needed to prepare proofs or collect the proceeds of a legal reserve life insurance policy.

Three incidents and three alone and a legal reserve life insurance policy executed, delivered and matured, is immediately paid. These are, premiums paid, proof submitted, check drawn. When an endowment policy matures, the three items are premiums paid, policy matured and check drawn.

The United States mail or a company representative delivers the check and takes up the policy.

CHAPTER XX.

## A RESUME

1. The plan, principles, purposes, management and achievements of Legal Reserve Life Insurance entitle it to public confidence.

2. The contract is unique, unilateral and equitable. It is a contract by the terms of which all interested parties enjoy gains, optional as to the insured but irrevocable as to the insurer, and is based upon equivalents and equations.

3. No other commercial undertaking approaches the Legal Reserve Life Insurance contract in character or performance.

4. Legal Reserve Life Insurance is the highest achievement of human commercial endeavor and the only fiduciary financial undertaking which has demonstrated the possibility of creating a co-operative corporation, whose solvency is not endangered by panics, pestilence and pernicious propaganda.

5. Legal Reserve Life Insurance not only protects families and postpones bankruptcy, but it extends estates beyond the life of the builders and safeguards their property against the catastrophe of death.

6. Legal Reserve Life Insurance is so simple in principle that it cannot be misunderstood and therefore both the wise and the simple can appreciate its purpose and understand its requirements.

7. Legal Reserve Life Insurance takes no toll at the maturity of the contract, contests no honest claim, seeks out lost beneficiaries and pays all obligations within twenty-four hours after the fact of maturity is established.

8. Legal Reserve Life Insurance is available to every healthy human being, upon terms within reach of the humblest. Coming to the door of desolation, it enters the chamber of grief, bearing the oil of consolation, burning in the lamp of hope.

9. Legal Reserve Life Insurance adapts its beneficence to the necessities of human existence as does no other financial institution.

10. Legal Reserve Life Insurance is the handmaiden of thrift and the protector of home and family and business associates.


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